

GOVERNMENT CONTRACTS.

MARCH 3, 1863.—Laid on the table and ordered to be printed.

Mr. FENTON, from the select committee to inquire into contracts of the government, made the following

REPORT.

The special committee of the House, appointed to inquire into all the facts and circumstances connected with contracts and agreements by or with the government growing out of its operations in suppressing the rebellion, submit the following final report:

Since the last report, submitted to the House on the 17th day of July, 1862, your committee have confined their labors principally to the investigation with which they were charged by the resolution of the House, of February 26, 1862, instructing said committee to "inquire into the amount of moneys received by the federal officers in the city of New York by virtue of their offices; also as to the ownership and rents of the bonded warehouses; also the terms, considerations, and profits of the labor contracts for the storing, hauling, and delivery, &c., of foreign goods in the city of New York; when made, by whom, and who are now interested in the same."

The labors of the committee have extended through a period of twenty months, and their reports and the testimony taken will cover nearly three thousand pages of printed matter. They have endeavored faithfully to discharge the important and onerous duties confided to them, and the result of their labors may be found in the many millions of dollars saved to the treasury through their investigations.

The disclosure of the transactions which brought reproach upon the western department in the summer and fall of 1861, brought upon your committee no small amount of obloquy and reproach from the parties implicated in the frauds which were exposed. A court-martial, constituted of distinguished officers of the regular army of high rank, was convened to try *Major Justus McKinstry*, quartermaster of the United States army, who was charged with corrupt practices as a public officer while acting in that department. The sixty-one specifications under the charge were nearly, if not quite, all based upon the testimony taken by your committee. After a trial of almost unprecedented length, in which the accused was allowed every latitude for his defence, he was found guilty, in whole or in part, on twenty-six specifications. He was convicted of the charge, and



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GOVERNMENT CONTRACTS.

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Mr. VAN WYCK, from the select committee on government contracts, submitted the following as the

VIEWS OF THE MINORITY.

PREFACE.

On the 26th day of February, 1862, the following, on my motion, was adopted unanimously by the House:

Resolved, That the committee on government contracts be directed to inquire into the amount of moneys received by the federal officers in the city of New York, by virtue of their offices; also as to the ownership and rents of the bonded warehouses; also the terms, considerations, and profits of the labor contracts for the storing, hauling, and delivering, &c., of foreign goods in the city of New York; when made, by whom, and who are now interested in the same.

The day after, I was informed that Mr. Washburne had prepared a resolution to discharge this committee from its consideration, and refer it to a committee to which Congress had refused the power to send for persons and papers, or hold its sittings in any place except Washington. I immediately saw and remonstrated with him. He alleged that this committee had already work enough to occupy its time. I assured him I would assume the labor of taking the testimony, and thereby the time of the other members would not be required. He requested me to see other members of the committee. I immediately did—all who were present in the hall, Messrs. Holman, Dawes, and Fenton. They consented that the resolution should be retained by this committee, on condition that I should take the testimony. I then informed Mr. Washburne of their conclusion, to which he assented; and it was understood distinctly that the evidence should be taken by myself. Such had previously been the uniform practice of the committee, that testimony could be taken by less than a quorum. Accordingly, on the 11th March I went to New York city and commenced my labors. I then found the committee in session with only one member, Mr. Dawes, who left that night. He requested me to finish some investigations he had commenced. I declined on the ground it would require all the time I could spare to examine the matters of the above resolution. Mr. Dawes left the

same night. I continued the meetings of the committee with the same stenographer and in the same room. I held session from day to day until the 24th March, and had examined fifty witnesses.

Not one of them objected to testify, or raised the point that less than a quorum had authority to administer oaths.

On the 22d March I was informed some of the custom-house officials had stated that the evidence was not fairly taken, that all the testimony of the witnesses had not been recorded. I immediately wrote the following note:

MARCH 22, 1862.

GENTLEMEN: I understand it is claimed that all your evidence was not taken down by the stenographer of the committee. I wish you would appear to-day at room 383 of the St. Nicholas, to have inserted in your evidence anything which was omitted and to add anything thereto you may desire.

Yours, &c.,

C. H. VAN WYCK.

Messrs. WARDELL, BAYARD, HUNTER, BENEDICT, and CRAIG.

and the same day it was served on each of the above-named by the acting sergeant-at-arms. All, or nearly all, of the witnesses appeared. They were friends of the revenue officers; heard read their testimony, expressed themselves satisfied, and pronounced it correct.

On the 24th day of March I received the following despatch by telegraph:

WASHINGTON, *March 24, 1862.*

I am instructed by the committee to direct that you proceed no further in your investigations in New York until further orders.

E. B. WASHBURNE.

This despatch resulted from the clamor of the revenue officers and their friends. I discontinued; returned to Washington; my regiment was under marching orders, and in a few days moved with the army of the Potomac, and was absent with it for many months. Up to the time of my leaving it was not pretended to me that the testimony was not regularly taken, or without the authority of the committee. One of the committee, who evidently had been in communication with the New York custom-house, and some others of the committee, thought it was best, inasmuch as the revenue officers were claiming that a quorum was not present, to delay further proceedings until a quorum could meet; and it was not then lisped or intimated to me that the evidence already taken was without authority of the committee. *The subsequent action of the committee showed it was done by their authority.*

So much solicitude for persons implicated by evidence had not been manifested before. When the honorable member from Pennsylvania, Mr. Davis, desired that his brother, a quartermaster, to whom allusion had been made in the evidence taken by less than a quorum, at St. Louis, should be sent for as a witness, I desired he

should be subpoenaed, but some of these same members said no; let him come and he can be sworn, but we cannot put the government to the expense of subpoenaing him. When General Frémont's friends, after his operations in the west, had been questioned by testimony taken by less than a quorum, desired he should be subpoenaed, I urged that it be done, and the day before leaving Washington left a written request with a member of the committee, so that my position might not be misunderstood, asking that he should be subpoenaed. Some of these same members said no; he can appear before the committee if he chooses, but we will not subpoena him; yet when the revenue officers of the city of New York waive the magic wand, these same gentlemen order the investigation to be suspended. Nearly all the testimony taken by this committee has been by less than a quorum; at least seventy sessions have been so taken, sometimes by one, two, and three members; sometimes the committee have been sitting at two places at the same time. It may be said that a full meeting of the committee authorized it to be so taken, but such was not always the fact. The testimony I took was fairly taken. Among the number I examined several from the custom-house. Now, I state distinctly that the committee, in the spring of 1862, considered this testimony as having been properly taken. *In the first place, if I was taking it without authority, why did the committee claim to control my action by sending a despatch to discontinue until further orders?* That shows they had a knowledge of my doings, that I was acting by their authority and approbation, and that I was under their control.

2. *They procured from the stenographer a copy of the evidence so taken and paid him for the same.*

3. The House had by resolution ordered this inquiry, and they would not have dared to violate the instructions by neglecting to take testimony; yet they suffer the whole session to pass and really do nothing until September 9, (although in April and May sessions were held in New York city, at one of which Mr. Ogden was examined by them, whose testimony occupied part of two pages,) and considering the testimony taken by me as the testimony of the committee, proceed immediately to allow the defence to be heard, and examine no witnesses except those of the household of the custom-house, including Messrs. Barney, Andrews, Dennison, Isaacs, Archer, Brown, &c., and the whole nature of the examination is to exculpate and clear from the evidence taken in March last. The committee had knowledge of the evidence, and the revenue officers had evidently read or been informed of it.

The questions of the committee and the answers are predicated upon the testimony previously taken and to contradict certain portions of it.

The whole examination at that time, the form and spirit of the questions, was to relieve and shield the officers from the evidence previously taken.

It is unaccountable, if the committee considered the evidence taken in March not taken by due authority, that they should have defiantly ignored the resolution of the house, and in September employed only

one day in examining questions of varied import. No; the evidence was then deemed valid, and when the custom-house officers had their day in court the work was supposed to be completed. Nothing further was said or done about the matter until my return to the present session, when action was insisted upon.

It was agreed to have a meeting in New York to conclude that and other matters. I was informed in Washington that the custom-house officers, or some of them, had threatened and denounced the committee, and would prosecute any person who should publish the evidence taken in March. As far as I may be able, they shall have an opportunity to commence a suit.

What took place in New York will be explained by the following resolutions. The first resolution was passed in my absence, when I was led to believe there would be no meeting of the committee.

On the 17th day of December it was—

“Resolved, That inasmuch as certain testimony has been taken by one member of the committee, in the absence of a quorum, touching the official conduct of certain federal officers in New York under objection from them, therefore the committee will examine such testimony, and whenever it appears that the testimony of any such witness so taken is found to affect the official conduct of any such person, such witness shall be re-examined, and so far as his testimony on re-examination affects the official conduct of any federal officer in New York it shall be submitted to him for his inspection.”

There is no pretence that the testimony was taken without the authority and approbation of the committee. Mark, they do not object, but the federal officers do.

When I ascertained the nature of the resolution I offered the following, which was voted down:

“Whereas, at a meeting of this committee at Washington, a few days since, it was agreed and understood that a full meeting of the committee should be held in New York city to complete the investigation relating to the New York custom-house and other matters; whereas it was understood, before leaving Washington, that the committee should meet in the basement No. 14 Pine street, a room tendered by Hon. E. Haight for the use of the committee; and whereas a portion of the committee, in the absence of Messrs. Holman and Van Wyck, Mr. Holman not yet having reached the city, and Mr. Van Wyck was at 14 Pine street awaiting the committee until he learned they had secured a room in the custom-house, called on Hon. H. B. Stanton, deputy collector, was shown the room in state of preparation for the committee, not yet cleaned or warmed, who waited in the room of Mr. Stanton some time for the members of said committee, and when several of them had arrived it was understood that no meeting should be held that day as there were no witnesses present, and Mr. Holman had not arrived, yet before that interview a portion of the committee had met in another room in the custom-house, not the one assigned to the committee, and adopted the resolution of December 17th, therefore—

Resolved, That said resolution of December 17 be reconsidered.

I then asked leave to have the following protest placed on the journal of the committee, which was denied:

C. H. Van Wyck, a member of the committee, desires to have entered upon the journal of this committee his protest against any action by this committee, whereby any part of the evidence taken by him in March last, in the city of

New York, as to moneys received by the federal officers in the city of New York, &c., shall be suppressed or not published. While he is willing that any of the witnesses examined by him shall be allowed, at their own suggestion or the request of any of the officers they implicate, to again appear before the committee and make any explanation or addition they desire, he is not willing to do anything on his part which may be considered a relinquishment of his right to have such testimony, so taken by him, published.

That all the witnesses examined by him appeared, and were examined without any objection on their part.

By the committee's resolution of December 17 they recognized the validity of the testimony. *They do not object to any part thereof, they only show an amiable tenderness to those portions which reflect upon the revenue officers, and propose to examine only the witnesses implicating them. The other portions of the testimony they did not propose to disturb.*

The committee did not then pretend the evidence had been taken without their authority. I then and there declined to do any act which would seem a waiver on my part of the right to use all the testimony previously taken.

This evidence was before the committee. The clerk of the committee had made an abstract of the same for its use; yet, most remarkable of all, but two or three of the witnesses, reflecting upon the public officers, are recalled, and the most important ones are not summoned. The reason of this a discerning public will determine.

If there had been errors, injustice, and corruption in the custom-house in other times, it had not evidently been purged under the administration of the present officers; that was so plain that he who runs may read.

The evidence was concluded in New York, and the journal shows that on the tenth of January testimony was taken by *one member* of the committee, Mr. Daves, and on the twenty-sixth by *one member*, Mr. Fenton; yet that evidence did not reflect on the revenue officers. It possibly makes some difference whose ox is gored

On Monday evening, February 9, I called on Mr. Andrews, clerk of the committee at Washington, to examine the evidence taken in March, and was informed by him I could not see it except by order of the committee. I inquired as to the journal, and if the resolution I had offered in New York, and had been voted down, was properly entered there. He replied, no; that the committee had ordered it should not be entered in the journal. I called on each member of the committee to know about the order preventing an inspection of the testimony, and every one except Mr. Washburne disclaimed any knowledge of any such order or action of the committee.

A meeting of the committee was held on the evening of February 11, when I insisted upon my right, as a member, to examine such evidence. *By this act the committee recognized it as their evidence, for had I taken it without authority then it belonged to me, and they had no control over it,* but there was a persistent determination on the part of some of the members to prevent me from seeing it. At that meeting Messrs. Fenton, Washburne, and Holman were present,

and they were willing I should take the evidence if I would pledge myself not to use it. I spurned the proposition, and treated it as it deserved. What can be the motive for such conduct? Why were they afraid of the evidence? Was it because the custom-house officers had threatened? Was the evidence harmless, then no body could be injured by its publication. Could it be contradicted, then nothing more easy, for the custom-house did not want for friends on the committee. Did it show corruption and criminate the officers, then duty required its exposure. However, a resolution was read by Mr. Washburne saying it should be deposited with the clerk of the House for the inspection of members of the committee, and the resolution, as read, substantially said no more. On the next day I understood that the resolution contained the words "that the testimony was taken without authority of the committee." If such words were in the resolution they were omitted in reading, evidently for a purpose, for I would not quietly have suffered that to pass on the journal; and the next day I asked Mr. Holman if any such words were read, and he emphatically denied it. I am thus minute in this matter, for this attempt to falsify the record and interpolate, first, to have a declaration of the committee against the evidence and against myself, that I had acted without authority, gives me the right, as a matter of the highest privilege, to vindicate myself, and is clearly a justification for stating what took place in the committee room.

Since writing the above I have obtained, *and have now in my possession, the original resolution*; I give it entire, so the world may see the motive which actuated, and the ends sought to be accomplished by any means, no matter how unfair and dishonorable. The resolution was written at the room of Mr. Fenton, in the National Hotel, where the committee was in session, by Mr. Washburne, and was written with ink. The resolution, as read by Mr. Washburne, did not contain the words which are now interlined. The interlinations are in pencil and were not put in when first written, for ink was used; and could not have been put in at that time, for he would not have procured a pencil when pen and ink was by his side. The resolution was drawn up just as Mr. Hollman and myself were leaving; here it is, as read to the committee:

"*Ordered*, that certain testimony taken by Mr. Van Wyck, in New York, be deposited by the clerk of this committee with the Clerk of the House, with directions to the said Clerk to hold it in his possession, subject only to the inspection of any member of the committee."

In the body of the resolution are three erasures in ink; one interlineation in ink erased in ink, and the word *it* interlined in ink.

The resolution as it now appears is as follows:

"*Ordered*, that certain testimony taken by Mr. Van Wyck, in New York, *without the authority of the committee*, be deposited by the clerk of this committee with the Clerk of the House of *Representatives*, with directions to the said Clerk to hold it in his possession, subject only to the inspection of any member of the committee."

The words "*without authority of the committee*," and "*of Representatives*," interlined in pencil.

That gives character and motive to the whole of the attempts to suppress this evidence. Foolish man! Did he expect by this leger-demain to keep back the frauds of the custom-house? Vain hope! Look for a moment at the resolution as *drawn, read, and acted upon by the committee who recognized it as testimony, and the committee are making disposition of it as testimony of the committee*; but after it is discovered he was snared in his own meshes, then it is interpolated to remove the difficulty, never believing that the evidences of the mode of procedure would ever be seen by the public.

The next day the evidence was and now is deposited with the Clerk of the House. I have printed with this report only a part; such portion as illustrates the views I propose to offer in regard to the matters embraced in the resolution. It will remain with the Clerk, to be used by this or the next House of Congress if they desire.

MONEYS RECEIVED BY REVENUE OFFICERS.

By the resolution the committee were instructed to inquire—

First, as to the amount of moneys received by the federal officers in the city of New York. This involved the examination of many witnesses, and in regard to the revenue officers a great diversity in judgment.

One thing is remarkable: that the collector, Barney, surveyor, Andrews, and naval officer, Dennison, *are neither of them able to say how much money they received*, they will only swear that Mr. Ogden, the auditor, has the account of it. Mr. Ogden, from his report, made up in January last, shows from \$21,000 to \$22,000 yearly to each of those officers; while Mr. Cargill, formerly deputy collector, and fully competent to know, fixes the amount of the last four years, independent of salary, to each, \$150,000, and Mr. George D. Bayard, at present in the seizure bureau, capable of judging, makes the amount \$30,000, annually, independent of salary. As if these enormous sums are not enough for the collector, he has, in addition, commissions on States' fees collected by his authority, viz: harbor master's, health officer's, and the seaman's retreat hospital fees, amounting to nearly \$4,000.

There was, of necessity, in March last much inquiry as to the source and the manner of obtaining penalties and forfeitures. And it would appear that all the censurable practices of the custom-house are still retained. It is not only unjust to persons charged with violations of the revenue laws but to the honest and honorable importer. Honest merchants have to pay an excess of duties in order to avoid the rapacity of the system, and the practices which now prevail would disgrace a mock auction or Peter Funk establishment.

The evidence shows that nearly all the violations of the revenue laws are not smuggling really, but introducing goods undervalued; nine-tenths of the fines, penalties and forfeitures are from that source. The evidence further shows that efficient and honest officers could prevent or rather detect at the time of its commission such violations of the laws. But the interest of the revenue officers is not to detect

and punish at the time, but to encourage such infractions, for it leads to large sums in the future.

A man will be allowed to continue with slight undervaluations, from time to time, and when a large stock of goods presents then an army of custom-house officers come suddenly upon him, seize all his goods, whether or not liable to forfeiture, take all his books, private papers, &c., whether authorized or not; and the man must be bankrupted and ruined, or disgorge as may be demanded.

It may be said that this statement proceeds on the presumption that the officers are actuated by cupidity. Most certainly, for so your laws proceed. The giving a share of these fines and penalties to revenue officers is wrong. It has been said that a few years since the law was changed, and then the government obtained no fines and penalties. And each one of the present revenue officers has argued that under any other system the laws would not be enforced, thereby admitting that they would not do their duty unless they can share the plunder. They say that officers must be stimulated to duty through the mean gratification of their avarice and cupidity, and they unblushingly claim that the obligation of an oath to perform duty is not as binding as the privilege to enter some importer's store and confiscate his goods, whereby their own pockets are to be filled.

Such motives for duty are not more honorable than those actuating the smuggler. The revenue officers claim that they incur great risk and danger in making seizures, the evidence shows nothing of the kind. The revenue officers, who receive \$20,000, \$30,000, or \$40,000 per year, incur no risk or danger, neither do they themselves detect frauds. Outsiders sometimes give the information, and frequently the employés, or detectives, who are employed for that purpose, ferret them out. These men are paid a salary; and although they are really informers, and entitled to a share, yet they are never allowed to claim it; and there is a rule possibly implied, although Mr. Dennison endeavored to testify to the contrary, that an employé should not claim the informer's share. Should he make application for it he would not be long in receiving notice of dismissal. Now, if detectives and employés like Brown, Isaacs, Archer, and Graham can be faithful to their employers on a salary without a share of the seizures, why cannot Messrs. Barney, Andrews, and Dennison be equally so to their employer, the government. Messrs. Barney, Andrews, and Dennison are not censurable for taking all the law will give them, but the fault is in the law itself. This House did, at its last session, pass an act limiting the compensation of each officer to \$10,000, but the Senate refused to concur, and there the responsibility rests.

When an importer's goods are seized he must either pay the amount demanded or be ruined; such is the machinery of the proceedings, that he knows, and that the revenue officers know it is not unlikely the seizure proceeds as upon that hypothesis. In this connexion is the significant fact that most of the seizures are made of foreign houses, who do not fully understand the ways of the system until taught by dear experience. The testimony shows that smuggling could be stopped as easily as the fitting out

slavers. Yet the fact is notorious, that violations of the revenue laws are increasing, while the efficient marshal of New York has entirely broken up the fitting out of slavers: it is to the interest of the revenue officers that smuggling should not be discontinued.

The honest, honorable importer also suffers. The evidence is abundant that many of them increase the invoice price of their goods beyond the actual value, so that they may be entirely free from the possibility of a seizure and ruin. This is unjust. A great government should protect its citizens from any such reproach. In many seizures, after taking all his goods, books, and private papers, they manifest a great interest in the welfare of their victim, and are persistent in recommending counsel. The bevy would besiege him, by turns, generally recommending Mr. Dunning or Craig. I would say nothing derogatory to the character of either of those gentlemen, but I do aver that the men who had seized the prize would not do anything willingly to have it escape. Many of the witnesses state the whole detail of this mysterious procedure, but the testimony of Mr. Mendelson is so intelligent and complete. I have annexed his statement entire.

In such cases the revenue officers would never give a receipt, but always exacted a written consent from the unfortunate man, so that he could not prosecute. Mr. Ogden in his evidence explains fully why they armed themselves with this precaution. Such conduct can only be explained *on one theory*.

The custom-house has presented no record of the amount or distribution of money received as bribes. A remarkable fact is stated in Isaac's testimony of September 9 :

"I have never in my life received a shilling from any individual, except where it has been paid to the collector, surveyor, or naval officer as money presented to me as a bribe. For instance, here is money (showing a roll of bills) which was offered to me this morning as a bribe. I received it, and then seized the man's goods, and sent them to the public store. We often take such money when offered to us as a bribe, but we always deliver it to the custom-house officers."

It may be difficult to make some persons believe that the smuggling fraternity would part with money without receiving or being fully assured of a valuable consideration.

The law in all cases requires that where the value of the goods seized exceeds one hundred dollars, the matter shall pass through the hands of the district attorney; yet the present revenue officers, for the first time in the history of the custom-house, openly set at defiance this law, and ignore it entirely; and when some of the subordinates remonstrate and warn them, upon mature deliberation they determine to continue its violation, alleging as the only reason that if the law is complied with fees of other officers are taken from the proceeds, and not so much will therefore find its way into their pockets, designedly breaking the law for their own gain. The evidence is clear on this point; yet these are the men who are to be allowed compensation beyond that of the President of the United States, five times

that of cabinet ministers and judges of the Supreme Court, and ten times that of senators of the United States; and then, as I have been informed, have the recklessness to threaten a committee of investigation, if it does not suppress evidence !

The concurrent testimony of many witnesses, uncontradicted even by the evidence furnished from the custom-house, establishes the foregoing statements; yet it was deemed necessary to introduce only the following :

HENRY A. CARGILL, sworn :

Question. Have you been for some time past employed in the New York custom-house ?

Answer. Yes, sir.

Question. For how long, and up to what time ?

Answer. I have been twice in the custom-house ; once under Lawrence, under Polk. After that, I have been deputy collector two years last April. Before that I was chief clerk in the invoice department, I think six or eight months. I have been deputy collector for two years last April.

Question. When did you leave the office ?

Answer. I think the 12th of April last.

Question. What position did you occupy the last time you were in office ?

Answer. Deputy collector.

Question. Who succeeded you in your department ?

Answer. Mr. Coventry D. Wardell, who is the head of the department, and Mr. George D. Bayard, in the seizure department.

Question. Does Mr. Wardell occupy the same position you did ?

Answer. Mr. Henry B. Stanton does.

Question. Who would be likely to know of this book ?

Answer. Mr. Wardell and Mr. Bayard.

Question. Had you in your office, or anywhere, a memorandum of seizures made upon land and upon shipboard while you were chief clerk ?

Answer. Yes, sir ; there was a book of that kind made out by George D. Bayard, at the instance of Mr. Schell, about four months before I left. I rather think Mr. Schell has got that in his possession, but the auditor has got all that information on his books with regard to the final settlement of cases and the amount paid in each case. He made up, at the instance of Mr. Schell, a book of all the cases at the time. I have a book also myself that would give a great deal of information. I had to go through and select out everything outstanding that had not been settled. I made up a book of that kind, and that is in the office. I made it up of all cases that had not been prosecuted from the time Mr. Schell came into office until he left, that is to say, until six or eight months or a year before he left. That book was too small, and I transferred it to another larger book. But there is simply the name of the case and how they were settled, that is to say, it was a sort of memorandum book.

Question. That book was continued up to the time you left ?

Answer. It was about a year before I left.

Question. You did not get down everything that was compromised ?

Answer. No.

Question. This book was kept for cases where there was a contest ?

Answer. Yes, sir. When this book ran out, I got a new book, and had all those cases that stood open copied into this other book. Of those settled there is a memorandum made of how they were settled.

Question. Does this last show the number of all cases settled and unsettled ?

Answer. No, sir. The two books together show all the unsettled cases at the time I took charge of it.

Question. What was Mr. Craig's business in the custom-house?

Answer. He was chief clerk of the collector when I first went into the office, and had charge of all the seizure business at that time.

Question. What was his salary?

Answer. Twelve hundred dollars; but before Mr. Schell went there he had one-third of Mr. Redfield's profits; but Mr. Schell never gave him anything of the kind. He became dissatisfied, and after some negotiation with the naval officer went into outside business. I was then called upon to know whether I could undertake the business of this office. And I took it for my own salary, \$2,500 per annum.

Question. Mr. Craig received one-third from Mr. Redfield?

Answer. He told me Mr. Redfield had always given him that.

Question. Why should they give him one-third?

Answer. Not one-third of the whole, but one-third of the collector's share, because of the vigilance with which the thing was done.

Question. How much money did it amount to during the four years?

Answer. During the four years I always thought it amounted to \$150,000 apiece—to the collector, the naval officer, and the surveyor.

Question. You had the whole control of it during the time you were there?

Answer. Yes, sir; but not the receiving of the money. The letter books will show the amounts that were prosecuted for. The letter books were under the control of the deputy collector, Church. They show every case; for instance, when prosecution took place, and consent to receive an amount agreed upon, and consent to the condemnation of the goods. Whenever they have agreed to the amount, it is prosecuted for that amount, and then a letter is written up to the district attorney stating that they think it best for the government that this amount should be taken.

Question. You also knew from the making up of this book, not only the two years you were in, but also from the examination of the letter books the two years previous?

Answer. Yes, sir; I knew the cases unsettled.

Question. Where did the settled cases go that you did not have in your memorandum?

Answer. In the letter book.

Question. Does the auditor have that also?

Answer. Yes, sir.

Question. Then the letter book shows every case that is settled?

Answer. Yes, sir.

Question. From all this you judged they received \$150,000 apiece?

Answer. Yes, sir. I think each one would get in four years pretty near \$150,000.

Question. Do you think the letter book shows this?

Answer. Yes, sir; they are bound to show the exact amount they receive. If there is an informer he gets one-third of the whole amount. The government gets one half, but there are very few informers, not more than a dozen; they would not allow an officer to become an informer. I have heard Mr. Brown, Mr. Isaacs, and Mr. Archer all say it, and have heard that Mr. Hart said that he would not have an officer in the place that would insist upon becoming an informer, because it was their duty to do this; that he had given them a good berth, with little or nothing to do, except when called upon on express occasions.

Question. What officers did he refer to?

Answer. Brown, Isaacs, and Archer, the three principal ones, and Mr. Graham, I believe.

Question. Their business related to seizures?

Answer. Yes, sir.

Question. Those were the men he would not allow to be informers ?

Answer. Yes, sir.

Question. They must do this work and receive their salary and not receive a part of the proceeds of the sale ?

Answer. Yes, sir ; they were not entitled to it unless they actually became informers.

Question. They were required to give information without becoming informers ?

Answer. Yes, sir. I knew of a case under Mr. Barney, when there was a compromise between \$12,000 and \$25,000; I think that was four or five months ago. The way I knew was, I had a tenant who was an informer, and he expected to get \$5,000 or \$6,000. It was a case of leather. The parties lived in Newark. Ines, I think, is one of the names. That was settled. A case was made out and the money was paid into court. The informer was one Franklin, who was doing business for E. K. Alburtis, 17 Wall street. They came to a determination to receive so much, and that was paid into court and distributed. He was to get one quarter, but they disputed it with him. They said they had the information beforehand, and would not allow him so much, and for political purposes they cut down his one quarter. He told me he ought to have received more than he did. He wrote a letter to the collector stating that he claimed one quarter of that whenever paid into court, and he also gave information that he was informer as to three or four other cases.

Question. What do you mean by "political purposes?"

Answer. I do not know; he said there was some arrangement between them; he did not want to be too strong, for fear he would not get anything; they pretended to have had the information beforehand.

Question. But most of the information is furnished by officials in the custom-house ?

Answer. Yes, sir.

Question. You never knew of a case when a good official ever received any part of the forfeiture ?

Answer. I do not know of one. I think one or two tried to get it, but whether they succeeded or not, I do not know. I know of a police officer who received something as an informer.

Question. Do you know of the employment of a middle man, to whom those violating the revenue laws are referred ?

Answer. Well, they would simply refer them either to Mr. Dunning (of the firm of Dunning & O'Conner) or to Mr. Craig. Those are the two principals who attend to the special business, because a lawyer who was not acquainted with the revenue laws might advise the party to fight the case, which might not be for the interest of the government.

Question. Do you know why it is that the Secretary of the Treasury in his papers shows only between seventy and eighty thousand dollars received in four years ?

Answer. I cannot imagine so small a sum as that.

Question. You did not include the salary in this \$150,000 ?

Answer. No, sir.

Question. It was simply from fines and forfeitures ?

Answer. Yes, sir ; I have always thought so; that would make, I believe, \$900,000 in four years.

Question. You mean what the government gets and what they get ?

Answer. Yes, sir ; there must be over a hundred thousand dollars received by each ; I never gave my attention, except to the time that I was there.

Question. You do not mean to include in that the salaries they received ?

Answer. Not at all, only the fines and penalties ; the idea that it does not amount to \$70,000 or \$80,000 in four year is all nonsense.

Question. You say you were until August under Mr. Barney?

Answer. Yes, sir.

Question. The detection of the smuggled property results more from the vigilance of the employés of the custom-house than it does from the investigations of the collector, the naval officer, or the surveyor?

Answer. Yes, sir; they have nothing to do with it, except from the vigilance of the officers. L. C.

JOHN W. HUNTER, sworn:

Question. Who is with you in the custom-house?

Answer. Samuel G. Ogden is auditor. I am assistant auditor.

Question. Does any part of the matter of seizures come within your knowledge?

Answer. The distribution of the money after it goes through the hands of the court.

Question. Suppose a party has been defrauding the government year after year, and the custom-house officials come down upon him suddenly and settle with him; that does not go into court?

Answer. No, sir.

Question. But the money comes into your hands the same as if it went into court?

Answer. Yes, sir. I never knew of a case where money has been received without its passing through our office.

Question. What is the annual amount of proceeds from seizures, whether they are paid into court or are voluntarily paid for the purpose of preventing a suit?

Answer. We could show by the books.

Question. Has there been much money paid out to informers?

Answer. Not a great deal.

Question. Will your books show what has been paid out to informers?

Answer. Yes, sir.

Question. Who are the men who go into the stores upon land and on ships for the purpose of ascertaining if there be any breach of the revenue law?

Answer. Persons connected with the custom-house. The collector may assign anybody to that duty.

Question. The three revenue officers personally do not attend to it?

Answer. No, sir. I suppose they go if it becomes necessary.

Question. The ferreting out is done by men under them?

Answer. Yes, sir; men in their employ and in the employ of the government?

Question. Persons who do this ferreting out do not receive any part?

Answer. No, sir.

Question. You know there is a rule that a government employé cannot be an informer?

Answer. No, sir. I do not know that to be a rule, and do not believe in it. The employé does not say he claims to be an informer.

Question. Why not?

Answer. He endangers his position?

Question. How so?

Answer. He is an appointee of the collector, and if he claims his portion as an informer he detracts so much from the collector's share. He would be liable to be removed from his office if he claimed to be an informer.

Question. Then you never knew of a government employé, even though he ferrets out the whole matter, putting himself in the position of an informer so as to draw anything?

Answer. No, sir.

Question. So that the ferreting out, after all, and the saving to the govern-

ment, and the punishing for violations of the revenue law, are done principally by men who receive no share of the proceeds of the sale?

Answer. No share, unless it is given to them clandestinely.

Question. Then, how do you suppose it was that, when Congress passed the law prohibiting the revenue officers from having a share of this money, seizures should have ceased?

Answer. I suppose that they did not require the vigilance on the part of the others that they would when they are interested. They do not voluntarily run into danger unless they are profited by it. I think the officer who discovers a fraud should be allowed to come in as an informer. It does not detract anything from the United States.

Question. Under the law he may become an informer?

Answer. I think Mr. Woodbury many years ago decided that he might.

Question. I understood that Mr. Hart made a rule that no government employé should be an informer, so, I suppose, that he should not take part of the government plunder?

Answer. There is no doubt about that.

JAMES L. BENEDICT, sworn:

Question. Do you reside in this city?

Answer. Yes, sir.

Question. Employed in the custom-house?

Answer. I am deputy surveyor.

Question. How long have you been?

Answer. Nine years. I came in with friend Cochran.

Question. What are the duties of your office principally; what have you in charge?

Answer. I am special deputy. I have general charge for the surveyor—acting surveyor almost; that is to say, when the surveyor is away I have special warrant to act as surveyor.

Question. Which of the revenue officers has principal charge of seizures for violation of the revenue laws, whether they are upon shipboard or upon land?

Answer. The seizures are always made by the officers, under the direction of the surveyor.

Question. There are a few men who are assigned specially to that business in the surveyor's office?

Answer. There are three or four men who are specially assigned to that business and a variety of other business—not exclusively to that; they have that business especially to look after, although all the other officers of the custom-house are obliged to look out for that thing. But they have men who specially understand the business.

Question. Who are they?

Answer. Isaacs, Brown, Archer, and Graham are the four inspectors who most often do that; and Deputy Surveyor Brown, who was for eight years inspector, and made a deputy by Mr. Andrews. Complaints are generally passed over from the surveyor to him, and they make the seizure.

Question. Do these government officials who make the seizures receive any portion of the proceeds?

Answer. No, sir; unless they get it as a gratuity from the office.

Question. Not as informers?

Answer. They do not inform of all the seizures that are made; they know nothing about it in nine cases out of ten, except the seizures are made from passengers on steamers and except as they are directed by the surveyor.

Question. Who reports to the surveyor?

Answer. I cannot tell you how he gets his information. A great deal of information is sent to the surveyor by anonymous communication.

Question. At all events, some detections are made by government officials, but these gentlemen do not receive any portion of the proceeds of the sales?

Answer. These seizing officers? No; it is a part of their official business. If the appraiser or any other officer discovers a fraud, it is his duty to communicate it.

Question. The law gives one-fourth to the informer?

Answer. Yes, sir; but I have always understood that to mean an outsider—one not connected with the government in any way.

Question. Was the rule established in any administration—it is acted upon, at all events—that they cannot be informers?

Answer. It has always been acted upon since I have been in the custom-house. I have never heard of their being paid.

EDWARD M. MARSH, sworn :

Question. Do you reside in this city?

Answer. Yes, sir.

Question. Have you been employed in the custom-house?

Answer. Yes, sir; three years and ten months; left October last.

Question. What is your business?

Answer. Inspector.

Question. Can you state anything about the way business has been conducted in the custom-house with any party?

Answer. Yes, sir. Brown, Isaacs, and Archer seem to be the privileged characters; they take upon themselves full authority about examining baggage, and they examine baggage which no other inspector dare undertake to examine; and, in fact, they passed baggage without examining which no other inspector dares to pass; by whose instruction nobody knows but themselves, and in a great many cases they receive money for passing baggage. Mr. Oldering is one of the men through whose hands money has been passed to Mr. Brown, I think.

WM. C. H. WADDELL, sworn :

Question. Do you reside in this city?

Answer. Yes, sir.

Question. Are you employed in the custom-house?

Answer. Yes, sir.

Question. In what capacity?

Answer. Special clerk.

Question. How long have you been there?

Answer. I have been there since August, 1860.

Question. Been special clerk all the time?

Answer. Yes, sir.

Question. What are the duties of your office?

Answer. It is in the law department now; that is the term attached to it, and the duties I have are connected with the courts and the custom-house suits.

Question. Have you anything to do with seizures?

Answer. Yes, sir.

Question. You have been in that business since you have been there?

Answer. Yes, sir.

Question. Have you no record in your office for anything except what goes to the United States courts?

Answer. No, sir; except those cases under a hundred dollars.

Question. So if any violation of the law is compromised, upon which no suit is brought, you have no record of it and know nothing about it?

Answer. I cannot answer that way. Any part of the record by me is so, but of late on the books there are several instances noted where it did not go up

to the court. Those are made by Mr. Bayard. He said he did not think it was right to be so. The naval officer and the deputy naval officer say it can pass so. These are cases *in rem* and cases of seizure which were entered on the books. I do not know the cases themselves.

Question. What is the nature of the cases?

Answer. Cases of seizure where the amount has been paid in. I have stated to you before all the knowledge I had of the amount paid into court. This is paid to the auditor direct. Now, I never paid any money to the auditor direct, but money has been paid, so they inform me.

Question. Then it is true that cases are settled without going through the court?

Answer. So I understand, but I am not conversant with the cases myself. Mr. Bayard says he thinks so.

Question. You say that has been done of late?

Answer. I have not heard of it over a few months, I suppose.

Question. Previous to that time you never heard anything of it?

Answer. No, sir; in no instance have I been cognizant of the particulars in the case in which the payment went directly to the auditors, but I have no doubt it is so.

GEORGE D. BAYARD, sworn:

Question. Where do you reside?

Answer. In Brooklyn.

Question. Employed in the custom-house?

Answer. Yes, sir; I am one of the officers of the seizure bureau.

Question. How long have you been in that bureau?

Answer. I have been in it since it was organized. It was organized by Mr. Cargill and myself.

Question. What is your duty?

Answer. Our duty is to have control of all the seizure records, books, &c.

Question. Have you not heard that there have been some seizure cases which have not been sent to the office of the district attorney?

Answer. I can only say that I have gone through the forms of one case, up to the auditor's department, where it naturally closes, and as far as I was related to it, it did not go to the district attorney's office.

* * * * *

Question. What was done with the goods after they were taken?

Answer. They were placed in the custody of the collector.

Question. Where did he put them?

Answer. In the safe.

Question. Who was collector at the time?

Answer. Mr. Barney. I think it was in October last.

Question. This case you think did not go to the district attorney?

Answer. I do not think it did.

Question. Have you stated that latterly in the custom-house seizure cases sometimes have not gone to the district attorney's office?

Answer. Our usual practice has always been to send these cases up to the district attorney, but in this case of Fillner, I understood from the remarks which were made to me, that it was not the intention of the parties to send it to the office of the United States district attorney.

Question. Why not?

Answer. I do not know.

Question. Who told you it was not the intention?

Answer. I understood it from remarks.

Question. Who made the remarks?

Answer. Mr. Dennison, the naval officer.

Question. Did he say why it was not to be sent?

Answer. The ground of it, I believe, was that the fees of the clerks and other officers were so great as to consume almost altogether the amount received from the goods, and it would be no object to send where such extraordinary fees and assessments were made upon the sums which might be received. I had a conversation with the deputy naval officer on that subject, contending that, under the eighty-ninth section of the act of 1799, all forfeitures were to be sent to the district attorney's office and in all cases. That was my view of the subject, and I had a discussion with him at the time, understanding, from what I had heard, that a different practice was about to obtain.

Question. Now, have they not continued to do so from that time down?

Answer. I cannot say as a matter of knowledge.

Question. Have you not understood so?

Answer. Yes, sir; not directly from anybody, but the practice involves certain forms deviating from the forms of the old practice, and hence, without any direct communication from anybody, by the mere fact that forms are changed, I know there has been a change in the practice.

Question. Did you ever have any conversation with Mr. Barney or Mr. Andrews about that?

Answer. Yes, sir; I have had a conversation with both of them about it.

Question. What did Mr. Barney say about it?

Answer. He disapproved of it.

Question. What did Mr. Andrews say?

Answer. Well, he did not seem to have any decided views one way or the other in all the conversations I had with him.

Question. Did he say he would leave it to Mr. Dennison?

Answer. Mr. Dennison and he have co-operated in the conduct and management of this business.

Question. Did you or Mr. Cargill ever make up any books down there?

Answer. We have a record of all the seizures.

Question. Did you make up any book from the old ones?

Answer. Yes, sir; two or three; we made a record of unsettled cases.

Question. You were private secretary of Mr. Schell?

Answer. Yes, sir; after the resignation of Mr. Craig.

Question. Did you never have any conversation with Mr. Waddell or Mr. Cargill?

Answer. We speculated about it.

Question. You fixed on some amount, did you not?

Answer. No, sir.

Question. How could you talk about the amount without saying some amount?

Answer. Because our conversation was not conducted with any idea of getting at any numerical result.

Question. Did you say nothing about the amounts received?

Answer. Never; we merely spoke of the offices as being lucrative ones.

Question. How lucrative did you think they were?

Answer. We regarded the general character of the sources of that income.

Question. You could not possibly stop there; the idea would necessarily come, how much it amounted to.

Answer. We never made any calculation as to the amounts received.

Question. Did you never form any opinion in your own mind as to how much they received?

Answer. Yes, sir; about \$30,000 a year, possibly, over and above their salaries, being the proceeds of fines, penalties, and forfeitures.

Question. What did you base that opinion upon?

Answer. Upon my knowledge of the business of the office in which I was engaged.

Question. Based upon your actual business and records in the office?

Answer. Yes, sir.

JAMES B. CRAIG, sworn :

Question. You say that the collector is personally responsible for a wrongful seizure?

Answer. Yes, sir.

Question. No other revenue officer?

Answer. The seizure is generally made in the name of the collector; the other officers give him a bond to bear their proportion of the damages.

Question. In the last twelve years have you heard that the collector has sustained any damage?

Answer. I have known of the matter only since 1853.

Question. Since 1853 have you heard that the collector has incurred any damage by his seizures?

Answer. There has not, in that time, been any judgment for damages obtained against the collector.

HERMAN BATZER, sworn :

* * * * *

Question. You did not negotiate this thing yourself, except through your attorney?

Answer. I did not ask my *own* attorney about it. I did not want to have a lawsuit about it. Mr. Dunning being the attorney—I was advised to go to him by the men who came into my store—I thought I would go there and have it fixed.

Question. You understood he was interested with those men?

Answer. He did, not speak so. I should judge he was; and then I do not doubt at all he was interested.

Question. They were very anxious to have you go to Mr. Dunning?

Answer. To be sure; they immediately took me around to Mr. Dunning.

Question. Who were these men who took you around?

Answer. One was Brown and the other was Isaacs. Of course these were only servants. The other fellow, Hart, was the man who was surveyor at the time.

Question. These were the two men who pounced upon you, Brown and Isaacs?

Answer. They were left in the store to watch it. They took hold of all the books; even went so far that Dunning said, "Oh, well, you had better settle for \$4,000." I said, "I cannot pay \$4,000, because my circumstances would not allow me to do it." The only reason I paid anything is because I did not want to have a lawsuit about it. "Well," he said, "they have your books, and say that you can afford to pay the amount."

Question. It was Brown and Isaacs who wanted you to go to Mr. Dunning?

Answer. They took me by the arm and said, "You had better go down and see him." I think Isaacs went with me; went to show me there.

Question. Did he go in the room with you and introduce you?

Answer. One—Isaacs or Brown—did.

Question. What did he say when he brought you to Mr. Dunning?

Answer. He introduced me very friendly, and said that Mr. Batzer had a little trouble and wished to be relieved.

Question. What said Mr. Dunning then?

Answer. He talked very smart about it; of course he never appeared to me or wanted to show that he was any way interested, and, of course, he went with me and tried to play my counsel before the others—went with me several days.

Question. Where did he call?

Answer. At the custom-house, to see Mr. Hart. And they taxed me accord-

ing to the goods I had in store; they found all the goods I had, and taxed me according to the goods I had. I was asked how many goods I had. I told them I had such and such goods. They then found out I had not given up all the goods for them to take hold of, because the goods were not in the invoices. They found it out and then they say: "now you should not do so, because we can tax you for a good deal more if we choose to."

Question. They took the goods that were not mentioned in the invoices they complained of?

Answer. They took the whole; all I had.

Question. Had you goods in your store that did not come in the invoices?

Answer. To be sure I had.

ISAAC HAMBURGER SWORN:

Question. Do you live in this city?

Answer. Yes, sir.

Question. What is your business?

Answer. Importer of fancy goods.

Question. Have the custom-house officials made any seizures of your goods?

Answer. Yes, sir.

Question. When?

Answer. The latter part of January.

Question. What did they seize?

Answer. The whole stock of goods.

Question. Did they the first day speak about settling?

Answer. The first day they told me to come around and see the naval officer.

Question. Did you go?

Answer. Yes, sir; I went with a lawyer.

Question. Who did you take with you?

Answer. Mr. Dunning.

Question. How came you to go to Mr. Dunning?

Answer. They told me to go to Mr. Dunning.

Question. What was the point?

Answer. That the duty, in some instances, had not been paid on the inland freight in Europe, and, in some instances, the duties had been paid on those charges. I consulted about half a dozen lawyers on that point. In some instances these charges were not put on the bill, because we were under the impression, at least so far as we knew the revenue law, it was not any part to have duty paid on, and I believe in some instances it is not done. At any rate, those lawyers told me that, in this case, when the neglect of such a revenue law is not intentional, they could only raise the duty.

Question. Was this done with the intention of evading the revenue law?

Answer. No, sir.

Question. You say that the opinion was that where it was not intentionally done there could be no seizure.

Answer. So I understood.

Question. Did they first fix a price in money which they wanted you to pay?

Answer. As far as I could learn the negotiation was something near \$5,000. The proposition was not made to me, but my lawyer.

Question. What did you say about that?

Answer. I would not pay that.

Question. What then was done?

Answer. So things went on for four or five days, going to and fro, and finally it interfered a good deal with our business. They had charge of the store day and night. We could not ship any goods, and had no books to do anything. Considering all this and not wishing to have the trouble of a lawsuit, and con-

sidering (although we could, as I was informed, recover our goods by giving security, &c.) that it would injure us a good deal, even if we could gain.

Question. Who did you pay that money to?

Answer. It was paid by Mr. Dunning to the naval officer.

Question. Were you present?

Answer. Yes, sir.

Question. You went to the naval officer and paid it there?

Answer. Yes, sir.

Question. When was this money paid?

Answer. It was on the 1st of March—on Saturday.

Question. Did you get a receipt?

Answer. No, sir.

Question. Did you ask for a receipt?

Answer. Mr. Dunning told me beforehand that I could not get a receipt.

Question. How came he to tell you that?

Answer. I told him in paying the money I would like to get a receipt, and see that things were done straight. He said it was all right. It was paid to the officer there, and I understood it was all right.

Question. When you spoke to Mr. Dunning about getting a receipt, he said you could not get a receipt?

Answer. Yes, sir; he said it was not customary to get a receipt in paying such money into the treasury.

Question. Were these goods in the store that they found fault about?

Answer. No, sir.

Question. And at the time you had no goods that were on the invoice that they found fault with?

Answer. There was no particular claim raised.

Question. There was no particular lot of goods they were after?

Answer. No, sir; and the goods mentioned in the invoice they found fault about was not in the store.

Question. Do you remember who recommended you to Mr. Dunning?

Answer. Mr. Isaacs.

ROBERT LEE, sworn:

* * * * *

Question. What was his name?

Answer. Thomas Brown.

Question. Do you know of any other case where he passed baggage without examining it.

Answer. I saw him pass baggage several times without examining it.

Question. Did you see Isaacs do the same?

Answer. Yes, sir.

Question. Did you ever see whether any money was paid by the passengers to these men for passing their baggage without examination.

Answer. No, sir; but I have heard rumors that they would go to the stores and get presents.

Question. You never saw anything of it yourself?

Answer. No, sir; a great many passengers would come and inquire for Mr. Isaacs or Mr. Brown.

Question. Would they inquire specially for them?

Answer. Yes, sir.

Question. When there were other custom-house officers there?

Answer. Yes, sir; they would inquire specially for them to save the trouble, I suppose, of opening their trunks.

Question. The law requires trunks and everything to be opened and examined?

Answer. Yes, sir.

HENRY A. WARTS, sworn :

Question. What department were you in?

Answer. I was formerly inspector, recently in the warehouse department, termed warehouse clerk, in charge of the store at 5 Whitehall street some three years.

Question. Where goods were stored under general order?

Answer. A bonded warehouse. I was an inspector in 1853 and 1854. Mr. Isaacs, that now holds a position in a department, was on special duty with me some five months. We made a seizure at Jersey City, consisting of some gold watch movements and a lot of laces, and ladies' apparel, that is, under clothes, chemisettes and sleeves, and Honiton lace and things of that character. We recovered these goods in a hotel in Jersey City. They came from the steamer Alps, and Mr. Isaacs and Captain Rogers, who were storekeepers, appropriated a large lot to their own use.

Question. They appropriated a good deal to their own use.

Answer. Mr. Isaacs and myself seized these goods in Jersey City, and had them in Rogers's office. Mr. Rogers, Mr. Isaacs and myself were the only persons present at the time. They were very nice things to look at, and having a large family, Mr. Isaacs made the remark to me: Said he, "Harry, you had better take some of these; they will be very good for your daughters." I said I have no right to these things. The property will be sold for a small price by the government, and I said I should attend the sale and purchase there. Mr. Isaacs and Mr. Rogers appropriated *a number of articles to their own use*. The balance they took to the collector.

P. J. JOACHIMSON.

* * * * *

Question. Are they still doing that?

Answer. I do not know, for the custom-house, so far as the bar is concerned, is a close corporation, Mr. Craig or Mr. Dunning being generally the counsel for the other side. I have known instances where my clients reported to me that they were directed by the custom-house officers to go to Mr. Dunning or to Mr. Craig. * * * I know one man from Chicago came to me in a seizure case, where a number of diamond rings had been taken off his wife's fingers. They were appraised to the amount of \$2,000 or more. They charged he was smuggling, and while I was negotiating he was actually taken by a custom-house officer to Mr. Dunning. * * * The man came to consult with me, and the next time he came and saw me with his friend he showed me Mr. Dunning's direction in Mr. Isaac's handwriting, given him by Mr. Isaacs, telling him to go to that man and he would settle it. They pretend that they will take the men to Mr. O'Conner, the greatest lawyer in New York.

Question. What is the effect of the present system of collecting the revenues, or rather of enforcing the revenue laws?

Answer. The present system is a very unsatisfactory one. It protects neither the rights of the importer. It makes the whole thing a matter of dollars and cents as between the revenue officers and the importers, with this disadvantage to the importer: that no merchant, for the sake of his credit, can afford to have it known that he has any difficulties with the custom-house. It ruins him.

* * * * *

Question. Is it not as easy, in the honest discharge of duty, to prevent smuggling in this port as it is to prevent slavers going out of this port?

Answer. It is more so if the intent and spirit of the law is fairly carried out.

Question. The fact that subordinates accept presents from merchants and others, and the fact that the revenue officers will compromise for less than the appraised value, would have a tendency to encourage smuggling?

Answer. It does. The fact that a man is not liable to personal penalty has a tendency to make the thing a matter of dollars and cents and mere speculation.

Question. What is the effect of this system of administering the revenue laws on the part of the revenue officers upon the honest merchant doing business here?

Answer. The merchant who desires no trouble with the custom-house will have invoices at higher rates than the market value, having his private invoices and selling at lower rates. * * * * *

Question. When goods are seized in the store of the merchant, though improperly by the revenue officers or their subordinates, what remedy has the merchant?

Answer. None whatever. He must await the decision of the suit.

Question. Then the merchant is entirely at the mercy of the collector and his subordinates?

Answer. Yes, sir; and not until after the suit against the goods has been determined has he any rights whatever. * * * * *

Question. I understand you to say that in many cases the merchant, to save his credit and reputation at home, and with the houses abroad, would settle by paying money when he felt that there was no just claim against him?

Answer. Yes, sir; and it is the constant advice given.

Question. Is there an additional reason to save embarrassment of their business by the revenue officers?

Answer. Certainly. Men who have difficulty with the custom-house find themselves embarrassed in all their subsequent transactions by delay, &c.

SAMUEL G. OGDEN, auditor in custom-house, sworn :

Question. Where money is paid voluntarily do you give receipts?

Answer. *The collector has given receipts, but where he has done it he has required a consent from the counsel of the parties, because otherwise there might be a claim upon him for having extorted the money or something of that kind.*

Question. Is it proper for him to give a receipt where money has been paid voluntarily?

Answer. *Yes, sir; and this consent of the parties shows that the thing is voluntary upon their part; that it is not exacted; that it is not levying black mail.*

HORATIO F. AVERILL, sworn :

Question. How came you to go to Mr. Dunning?

Answer. Isaac suggested that Mr. Dunning was familiar with the practice.

Question. Was he anxious you should go there?

Answer. Rather; he seemed to be.

SIMON MENDELSON, sworn :

Question. Where do you reside?

Answer. In this city?

Question. Have you had any business connexion with the New York custom-house?

Answer. Yes, sir; they have seized my goods.

Question. When was this?

Answer. Quite recently ; in December last. One day they came to my store ; the office is quite small, but there were eleven custom-house officers in it. * * *

Question. Who were present ?

Answer. There was of the chief authorities Mr. Dennison, the naval officer ; there was Mr. Andrews, he was there only for a moment ; there was Mr. Brown, chief, I believe, of subordinates, and Isaacs and Archer.

Question. Who said it was implied in the warrant to seize your books ?

Answer. The man who read the paper, I believe it was Mr. Brown.

Question. Was there any such authority in the warrant ?

Answer. No, sir ; only to seize my goods.

Question. Did they seize on the books ?

Answer. They had ; I was not in when they came ; when I came the clerk told me. The first thing they did was to jump to the safe and take out the books and handed them to one man, who went down stairs and away with them. While I was there they opened every drawer, and wanted me to open a private book having a lock on it. I said I have nothing to fear ; I can open it if I want to, but I said I do not like to see such proceedings ; I do not think you have a right to come into my office ; but as they were going to wrench the lock off I opened it.

Question. What was the book that had the lock on ?

Answer. It was a private ledger, which had no reference to the business.

Question. They took that ?

Answer. Yes, sir.

Question. Did they take your bank book ?

Answer. No, sir.

Question. Did they take your private papers ?

Answer. They made a selection.

Question. What then did they do ?

Answer. They said the next morning I should go to the custom-house, I believe to the surveyor's ; and they told me to go to the naval officer. I went there, and I said, " Mr. Brown was yesterday in my store, will you now tell me what the object of the seizure was, and what are your charges against me ? " They said, " you are charged with having made fraudulent entries, with having defrauded the United States of duties. " I said I am not aware of it. Where is it ? They said it would take some time to make it out. They would in a few days show me the charge. It took some days : I forget how many.

Question. They could not tell you right away ?

Answer. They could tell the nature of the charge but they could not specify. They said they must first look at the books ; they must make it up, in fact, and that would take some time ; and, in fact, they said they wanted a translator to translate French letters, &c. Some time afterwards I went up again and asked them if they were ready to tell me the charges against me. I wanted to know the specification. They showed me a paper about eighteen inches long, on which they made out, as the sum and substance, that I had not paid the duties on \$1,500 worth of goods. These \$1,500 were made up by a dozen or more importations.

Question. Different invoices ?

Answer. Yes, sir.

Question. At different times ?

Answer. Yes, sir ; a dozen or more invoices, imported at different times, which they found did not quite correspond with figures they found in the books. I have paid the United States about \$40,000 duties. Do you think, I asked the naval officer, that, for the sake of saving a paltry \$200, that I would go to defrauding the United States, when the duties actually paid are of that amount ? They said that was all very well, but they would proceed against me. Well, I told them they might. They had taken away all the goods I had in the store,

still the specifications which they made did not include but one single case of what they found in the store.

Question. After they took away your books what did they do with your goods in the store?

Answer. They put officers in charge.

Question. What then?

Answer. They next said they would proceed against me.

Question. What did they do with your goods?

Answer. Afterwards they took the goods away.

Question. All the goods in your store?

Answer. Yes, sir.

Question. Where did they take them?

Answer. Corner of New street and Exchange place.

Question. What was your business?

Answer. Leather, calf skins; they took even domestic goods I had in the store.

Question. Even goods never imported?

Answer. Yes, sir.

Question. How many of the goods they took away were mentioned in the invoices which they claimed to be fraudulent?

Answer. Only one single case. I am sorry I do not know the amount, but was not \$500 out of \$20,000 or \$16,000.

Question. You had about \$16,000.

Answer. Yes, sir.

Question. There was not over \$500 mentioned in the fraudulent invoices, as they claimed.

Answer. Not over \$500.

Question. Did you remonstrate with them on that point?

Answer. Yes, sir. I said, you have taken away all my goods; in the specification there are but one or two cases that can come under this. They said, Oh, well, that is not so.

Question. You know it was so?

Answer. I know that it was so.

Question. Did your books show as you have stated?

Answer. They showed me the specification in which they said so and so. There is a difference of \$50 on this invoice; on this invoice is a difference of \$20; on this invoice a difference of a \$100.

Question. How did they make out this difference?

Answer. By difference in charges they made out, in fact, in a dozen invoices that there was an undervaluation of \$1,500. On a single importation that would be a very trifle.

Question. How long a time have these computations been running through?

Answer. I have been in business in New York since the month of August, 1860.

Question. They claimed a little on one invoice and a little on another.

Answer. Yes, sir; and in that way. You know the charges on goods are considered as belonging to them, such as charges for packing and shipping, charges on the other side, for instance, from the place of manufacture to the place of shipping.

Question. Was that the matter they went into?

Answer. They did not go into details.

Question. Did they charge that the goods were undervalued, or that the invoices did not have the charges on the other side?

Answer. They did not go into details. They said I had defrauded the United States on duties on \$1,500.

Question. You did not understand whether it was an undervaluation or an omission to put on the charges on the other side?

Answer. They said it was undervaluation.

Question. They took those goods as stated, and of all those goods there was but one case covered by the invoices?

Answer. Yes, sir. They took also an importation, I forget how many cases, which had come in at that time.

Question. They took those from the ship?

Answer. Yes, sir.

Question. Did they charge that those were undervalued?

Answer. Yes, sir; all was included in the \$1,500; in fact, they wanted to make out that, perhaps, on \$200,000 the duties had not been paid on \$1,500.

Question. Had those goods been undervalued, in your judgment?

Answer. Not a particle.

Question. In your judgment, you had paid the full and legal amount of duty to the United States?

Answer. Yes, sir. I also said, if you consider me dishonest it is very easy to get at the true value of the article; there are plenty of people that deal in it. I also told them they should compare my invoices with the invoices of others in the same business. I was answered, we don't believe in invoices; in other words, all the world are rogues.

Question. They took away your goods and you got their charges against you. What else was done?

Answer. I told them to proceed against me. The next step to proceed against me was to have those goods valued, and then I would have to give bail, two sureties, each for double the amount of the goods.

Question. That would have been over \$30,000?

Answer. Yes, sir; I would have to give \$100,000 security.

Question. Did you consult a lawyer?

Answer. Yes, sir.

Question. Who?

Answer. Mr. Dunning.

Question. How came you to consult Mr. Dunning?

Answer. He was recommended.

Question. By whom?

Answer. I know it was one of them; but, surely, I could not tell the name. There were three different people who took me aside and told me I should employ this man and that man.

Question. Who took you aside; these custom-house officers?

Answer. Yes, sir.

Question. Who did they tell you to employ?

Answer. Mr. so and so.

Question. Who did they name?

Answer. Mr. Craig; one said Mr. Craig or Mr. Dunning.

Question. Did they name any others that you remember?

Answer. No, sir.

Question. Who named them to you?

Answer. That I could not be sure of.

Question. What did they say when they took you aside?

Answer. All said this matter will be blown over soon. Of course, I looked rather glum. I saw this was the commencement of ruin, which it really might have proved. They said go to this man. As I heard that Mr. Dunning was partner of Charles O'Connor, as I knew that, or got to know that, I went to Mr. Dunning.

Question. When I first asked you who first recommended you to go there, you hesitated to answer.

Answer. Yes, sir.

Question. Why should you hesitate to answer?

Answer. I do not know who told me so, and when I have employed a lawyer I do not like to bring him into any trouble. I do not know that he has done any wrong in it.

Question. They advised you to see Mr. Dunning, and you went there?

Answer. Yes, sir.

Question. What did you do then?

Answer. Mr. Dunning went at it to get the matter in shape. I thought if I proceeded against them, or let them proceed against me, (I threatened to sue them if they did not sue me quick,) I would get my books back, so I could proceed with business; but I never could get my books, still less could I get my goods; it was so clear and patent that they wanted to force me into something.

Question. They were not willing to let you have your books?

Answer. No, sir; they said they wanted them. When I wanted any satisfaction, they said, in a little while; and the little while ran on, and ran on; in fact, I would have been ruined if I had not come to something. They would have kept my goods on the strength of what they called a seizure. They could proceed against but one case. They might as well have given back the others; but there was nothing of the kind done. Times were not easy at the time, and it was not easy to find securities for \$60,000 each; besides, I did not like to ask friends to go security. Moreover, if I had brought those securities I was told it was their option to reject them.

Question. Who told you that?

Answer. Mr. Dunning. And then I should have to leave them the goods; and I was told, and I knew also, that a suit with the custom-house might take a couple of years.

Question. Who told you that?

Answer. Mr. Dunning; and I believe it is so. I saw it shown among merchants that, if you have a suit with the United States to recover anything from the United States, it requires a couple of years to come to a decision. I saw if I could not get my books or goods, if I let the thing run on, I would be a ruined man, because the business season was approaching. I was then told the matter could be compromised.

Question. Who told you that?

Answer. Mr. Dunning.

Question. What then?

Answer. I had strenuously opposed any compromise, until I came to the full conviction that, if I did not do such a thing, I could not get my books and could not import anything; in fact, that I was entirely under their power. Finally I consented to compromise.

Question. Had Mr. Dunning advised a compromise before this time?

Answer. No, sir; Mr. Dunning did not.

Question. Who did recommend a compromise?

Answer. He told me that they wanted a compromise; he told me such a thing could be compromised.

Question. He reminded you why it had better be done—how long it would take?

Answer. Yes, sir; he told me the chances; he did not advise it. At last they got me so that I could not go on with my business.

Question. What was then done?

Answer. It was compromised.

Question. What did they first ask you?

Answer. I told Mr. Dunning I wanted to know what they would let me off for. The answer was, it was to correspond to the amount of importation—the

amount of goods seized; it was something like \$10,000 or \$12,000. I was given to understand that. I never saw them directly. Mr. Dunning told me so; that was their estimate.

Question. They wanted \$10,000 when their only charge against you was the deficiency of duty on \$1,500?

Answer. Yes, sir.

Question. What then?

Answer. They took \$5,000. I finally told them I would not mind a couple of thousand dollars to get rid of them; finally they said \$6,000 or \$7,000; finally they took \$5,000. I considered it an extortion, and nothing else.

Question. When they took these goods in your store, did they have them appraised?

Answer. No, sir; they were going to have them appraised; they were going to proceed against me; they were going to do everything.

WM. W. THOMAS, a custom-house broker, sworn:

Question. Do you know whether respectable merchants, for fear of difficulty with custom-house officials here, also have their goods charged higher than they are required to do in their invoices?

Answer. Yes, sir; I have had a case within the last two months, where I had a large invoice of tobacco. I was ordered by the importer to enter it, making an addition, at the time of the entry, of, I think, 15 per cent., for the purpose of avoiding any trouble—the party at the same time representing that the tobacco was invoiced at the correct value; but, in consequence of difficulties which other parties had had, or which he feared rather than have any trouble, he would pay the duty on the additional 15 per cent.

Question. Was this an honorable house?

Answer. A house of very high standing. * * * I make it a point in my business, whenever this question is submitted to me, to advise the importer, in all cases where he has any doubt in the matter, to make a heavy addition, so as to avoid any difficulty, even when the invoice price is fair and honest.

Question. Is that frequently done?

Answer. Yes, sir, it is; it is of very common occurrence.

Question. With our best importers?

Answer. Yes, sir; and on articles of their own purchase, where they think another party may have paid more for them.

Question. Where they purchase goods for themselves, pay the price in the foreign market, they make an addition beyond that?

Answer. Yes, sir; for instance, two parties go abroad; one buys heavily with cash in hand, having an advantage over an order sent from New York. He buys a large quantity of goods. In such cases as that cautious men are in the habit of adding to their entries to prevent difficulties. I do not suppose that during the last two years I have scarcely entered any article of brandy without making an addition beyond the price for which it was purchased. * * *

Question. What class of houses have generally had their goods seized?

Answer. Generally the houses of foreigners.

Question. Have you any reason in your mind why they should seize foreign houses rather than others?

Answer. They are less prepared with friends to assist them, and there is great delicacy in foreign houses as to asking other houses to bond their goods. Foreign houses are pretty cautious about signing their names to bonds.

Question. If I understand you right, as to the machinery of the custom-house, the importer is entirely in their hands as to the appraisement of the goods?

Answer. Entirely, sir; he has no voice at all in the matter. * * *

Question. Can efficient officers, to a great extent, prevent smuggling in this port?

Answer. I think they can prevent it entirely. I think that whenever any smuggling is committed it is owing to the negligence of the officers of the port, to a great extent.

Question. Is it not as easy, in your judgment, to prevent smuggling as to prevent fitting out slavers in this port?

Answer. Quite as easy; and with regard to undervaluation there is no difficulty whatever, that the board of appraisers, properly constituted, should prevent anything of that kind.

Question. Is there any necessity, in an efficient and honest discharge of duty on the part of the custom-house officers, that invoices should run from month to month and from year to year without undervaluation being detected?

Answer. No, sir.

Question. Ought it not to be detected at the time the goods are present to answer?

Answer. Yes, sir.

Question. Can you find any excuse for the custom-house officers, after the lapse of six months or a year, to then pretend to discover that there has been a fraud?

Answer. No, sir; if the proper appointments are made it is impossible for goods to pass undervalued, except at a slight percentage.

Question. It would not then be possible for the goods to get from the warehouses into the merchants' stores at an undervaluation?

Answer. No, sir; there might be a slight undervaluation; there might be a difference of opinion sometimes from five to ten per cent.

Question. If these men understand their business they will detect the undervaluation at the time the goods are in port?

Answer. Yes, sir.

Question. Are not these men as capable of knowing the undervaluation at the time they are first entered into the port as years afterwards?

Answer. Yes, sir; they ought to know them at the time, because the valuation is to be at the time of the shipment. Here are, for instance, half a dozen men importing goods of the same kind; out of this half dozen they know there are several correct men, and they can take those as standards and test the value by these standards.

THE LABOR CONTRACT.

The next subject of inquiry was, what is generally known as the labor contract for hauling goods from ships and bonded warehouses to the appraiser's store, and all the labor of handling while there, made in August, 1859, to extend three years from the 5th day of September following.

This contract was made by collector Schell, approved by Howell Cobb, then Secretary of the Treasury, on the one part, and W. N. McIntire and his associates on the other.

This labor was formerly employed by the collector, and it was claimed much was to be saved to the government by this contract. Many democrats during Buchanan's administration opposed it; and in the 36th Congress a committee was appointed to examine in relation to the same; but the attempt to annul it was unsuccessful. At the commencement of this administration, Mr. McIntire and his associates were fearful that it would not be sanctioned, if in their hands—they being democrats; and they sold or pretended to sell their interest in the contract to Simon Stevens and Luther B. Wyman.

On the 5th day of February, 1862, I introduced the following, which was unanimously adopted in the House :

Resolved, That the Secretary of the Treasury be directed to furnish this House with a copy of the contract made by him or his department for handling, opening, assorting, and general delivery of foreign goods in the city of New York, usually called the labor contract or general orders contract ; and shall also inform this House whether the said labor is now done by the original parties to said contract, or whether said contract has been assigned ; if so, to whom, and for what consideration. Also, who are the owners of the warehouses where said goods are stored, and what rents are paid for their use.

This contract was profitable, and party machinery must be brought into play, if possible, to save it.

Mr. Stevens was one of the parties who advanced, in fact, but little of the money, and Mr. Wyman the other, who seems to have not been known in the transaction at all, further than using his name, while William Allen Butler, then and now law partner of Collector Barney, was the lawyer of the transaction, and who received Mr. Wyman's share of the contract. He says "that the nominal consideration for this transfer was \$20,000. I understood that, to a considerable extent, an interest of the original contractors was retained." Speaking of Mr. Wyman, he says, "my knowledge of him led to his being selected, with the consent of all parties, to act as *attorney* in conjunction with Mr. Stevens, and to take the transfer jointly with him."

So everything was supposed to be quietly arranged in the law office of Barney & Co. to weld that contract on this administration, but the whole matter was so apparent that when the attention of Secretary Chase was called to it he refused to renew it.

A very significant fact is the overshadowing influence which the contractors had over Collector Barney in removing and appointing to office. Whether the mere fact that the business was transacted in his office, or more substantial reasons weighed, the public must judge from the circumstances.

The country is benefited by the breaking up of this contract, for Mr. Barney swears it will probably save to the treasury \$37,000 annually. I have no doubt that a labor contract let to the lowest bidder would save an additional \$37,000.

The original contractors had also a large portion of the general order business on the North river, in fact, the most lucrative part of that monopoly. It will be remembered that the collector has control and can designate those stores which shall be allowed to store goods on general order. It was not only suggested to the original firm that there was danger that a republican administration would fail to renew this contract in democratic hands, but it was intimated that the general order business would be taken from them unless other parties were taken in the contract. Mr. Barney had control of the general orders, and the contractors must have been fully satisfied that some one had authority to speak for Mr. Barney ; so, rather than lose the whole, they surrendered a part.

The following is a portion of Mr. Stevens's testimony, taken December 22 :

Question. Were you, or were you not, interested in what is called the labor contract at the public stores?

Answer. I was.

Question. From what time to what time?

Answer. From the 11th of May, 1861, until about the 6th or 7th of September, 1862.

Question. Who else was interested with you in the contract during that time?

Answer. Mr. Luther B. Wyman.

Question. Any other person?

Answer. *I know of no other person directly interested.*

Question. Any other person indirectly?

Answer. I represented one half the contract and Luther B. Wyman represented the other half.

Question. Be kind enough to tell us whether anybody else had any direct or indirect interest in it?

Answer. I represented one half of it; it was in my name; I bought it and paid for it. * * * * *

Question. Did anybody have any indirect interest in any portion of the contract except what you represented?

Answer. I have only my suppositions.

Question. What do you know about that matter?

Answer. That I was requested to pay one half of the profits, whatever they might be, over and above expenses, to William Allen Butler. Mr. Butler stated that he was the attorney for Mr. Wyman. Payments were so made and receipt therefor given by William Allen Butler, as attorney for the first two payments. Subsequently receipts were given by him for money paid to him, signed in initial, "W. A. B." Then and from that day all payments were made to him and receipts given by him, and so signed, with the exception of some few payments which were made to George W. Parsons, who sometimes receipted for them, simply "G. W. P.;" on some occasions "W. A. B. per G. W. P.," and sometimes "G. W. P. for W. A. B."

Question. Who is this William Allen Butler?

Answer. He is of the law firm of Barney, Butler & Parsons.

Question. Who is this Mr. Parsons?

Answer. He is of the firm of Barney, Butler & Parsons.

Question. Who is the Barney of that firm?

Answer. Hiram Barney, collector of the port of New York.

Question. Is that firm now in business here?

Answer. Yes, sir.

Question. Did you pay any of these proceeds to Mr. Wyman himself?

Answer. No, sir.

Question. Did Mr. Wyman himself direct you where to pay those proceeds?

Answer. He did not.

Question. Did you have any authority directly from Mr. Wyman to pay them as you did?

Answer. Simply on the day of the execution of the papers Mr. William Allen Butler said, in the presence of Mr. Wyman, this in purport: "As I am the attorney for Mr. Wyman, the net proceeds of this contract will be paid to me."

Question. Did Mr. Wyman assent to that?

Answer. Mr. Wyman nodded assent.

Question. You took no paper to protect you for such payments?

Answer. I did not, nor have I any such papers.

Question. Do you know, from Mr. Wyman or otherwise, whether Mr. Wyman had any interest in this contract beyond the use of his name?

Answer. *Mr. Wyman has on several occasions stated to me that he had no interest, direct or indirect, in the contract otherwise than the use of his name.*

Question. Did he tell you who had the interest represented by his name?

Answer. *He said he knew of nobody in this matter except William Allen Butler, who claimed to act as attorney for the parties actually in interest.*

On the 3d day of January Mr. Butler was sworn. I was not present at his examination. I say this in justice to myself, for it seems almost impossible that his examination should have been concluded and he not asked who were the real parties in interest whom he represented when that was one of the subjects of investigation. Only three questions were put to Mr. Butler. The first as to his residence and business; the second, "have you read the testimony taken before this committee touching the transfer of the labor contract?" and the third, "have you any statement to make touching your connexion with that transfer of interest under the so-called labor contract?" Mark the gentleness of the interrogatories. Was it because he was law partner of Mr. Barney? I know not. Among other things, to the last question, he says: "But whatever information I had on the subject was derived in the course of my professional employment, and I acquired no positive knowledge about it. Funds were placed in my hands by *parties in interest*." He evidently did not mean Stevens or Wyman; he nowhere states who were the *parties in interest*, and most strange of all, he was not asked.

The connexion of the general orders with this contract shows irresistibly who were behind the scene, because they there worked in happy unison.

The following evidence will establish the positions above stated:

HENRY A. CARGILL, sworn:

Question. Do you know about the general order business?

Answer. It was not under my supervision. I had charge of the labor contract then. I had charge of 12 Broad street. I was deputy collector of that division.

Question. Were you there before that labor contract was given out?

Answer. Yes, sir; I had charge of the labor contract then.

Question. This contract was held by Bixby, McIntire & Co.?

Answer. Yes, sir; Mr. Craig was one of the partners.

Question. They held that until what time?

Answer. I do not know the exact month, but it must have been until Mr. Barney had been there three or four months.

Question. How came they to sell out?

Answer. *They were compelled to sell out*; I heard that they could not keep the general order store, that it would be given to some one else if they did not sell out this contract. They sold out, and got \$21,000 cash for the labor contract. They got a check from Barney, Parsons & Co. for a part of the amount. I never saw the contract, and know of it simply from what Mr. Stevens and Mr. McIntire told me. I asked them what the contract was worth to them, and they told me about \$10,000 each, but now it appears there was so little doing, and so little cartage, they would make at least \$60,000 a year after this. As long as there was no business doing they cut down the quantity of labor.

Question. Who told you this?

Answer. The conversation happened between McIntire and myself, and Simon Stevens, who bought the contract out. He said it was a little thing, and that it was all right at headquarters. I asked him who was in it, and he said it was all right. He said to me, you are all perfectly straight, and you need give yourselves no uneasiness. I had offered to resign. After he came he wrote and said he was not ready to accept my resignation. I had charge of 12 Broad street, and he told me he wanted me to work the contract. He wanted me to post him up. I was perfectly safe there. He told me it was a little ring; it had been all settled up, and the same intimation was given me by Mr. McIntire. I understood from Mr. McIntyre that he could not hold it any longer, that he was compelled to sell it, that the contract would be broken up, and he was compelled to sell out.

Question. At this time Mather & Co. had the store for the general orders?

Answer. They had the general order store for all the goods sent to the east part of the city.

Question. Have they still possession of them?

Answer. They had to sell them out with the contract.

Question. They could have held their labor contract, and all that Mr. Barney could have taken away was the general order?

Answer. They could have taken away the general order, but they could have held the contract, except that they might have made a row about it and broken it up.

Question. Why was not this labor contract good?

Answer. They could only have broken it up by bringing it before Congress, and they thought best to sell out because of intimations made to them.

Question. Do you know who negotiated with McIntire & Co.?

Answer. I heard, but do not remember.

Question. What interest had Mr. Stevens?

Answer. I do not know.

Question. Do you know whether any percentage is paid for general orders?

Answer. I never heard of it; whether there is anything of that kind going on I have no idea; they used to say that Waldron made a good deal of money; he was poor when he went in there, but he went out worth seventy or eighty thousand dollars?

Question. What is the effect or result of allowing revenue officers to have a part of the property or money resulting from the sale of seized goods?

Answer. Well, sir, it leads to a grasping disposition on the part of the collector, the naval officer, and the surveyor, to get a large sum of money; and very frequently great injustice to the parties.

Question. Is it necessary to prevent smuggling that a part of the proceeds should be distributed among the revenue officers?

Answer. Not at all, if men do their duty for which they are paid.

Question. In your opinion would not the laws be better administered, and justice done better to all, by not allowing the revenue officers to share in the seized goods?

Answer. I do not think there would be as much vigilance, perhaps; it is all done to get this large sum of money; it is not done to stop frauds as much as to get this large sum of money.

Question. But the real watchfulness is by the men who receive no share in this forfeiture?

Answer. Yes, sir.

CYRIL H. BRACKETT, sworn:

Question. Where do you now reside?

Answer. In Brooklyn.

Question. Have you been employed in the custom-house? and if so, state how long, and when.

Answer. My office is 115 Nassau street, New York city. A clerkship was created, to which I was appointed by Secretary Guthrie, in July, 1856. I remained employed in the custom-house until October, 1861—first for a little over three years, in the custom-house proper, fourth division. I was then transferred to the sixth division, to a place as a clerk in the United States public store, (then at 12 Broad street.) I went to 12 Broad street in October, 1859; was there for two years. I became, while in the United States store, familiar with the duties of the place I kept and the general duties of those surrounding me. About two months previous to my going there the contract for doing the work and labor of the United States store was made by Mr. Schell, who represented Howell Cobb, Secretary of the Treasury, with John C. Mather and his associates. Very soon after I went to the United States store as clerk I became satisfied that the contract was a bad one for the government—pernicious in its influence. I took occasion to say so to my friends and other parties. I also wrote two or three articles for the Brooklyn and Kentucky papers, calling attention to it, and expressing a hope that as the Secretary of the Treasury had, at that time, retained the right of rescinding it, he would do so. Soon afterwards, to wit, in November, I was called upon by John C. Mather at my desk, who gave me to understand that he had perused my articles and heard of my speaking against the contract. Upon that occasion he stated to me that if this was persisted in I should be removed from my position as clerk. I paid but little attention to the views he expressed, and continued consistently the line of conduct that I had adopted, writing articles afterward. About that time Mather stated to me that his influence with Mr. Schell, the collector, and Secretary Cobb, was pre-eminent; that the contract would be continued, whether advantageous to the service or not. During my clerkship in the United States public store John Dempsey, sworn clerk, appointed by the collector, paid by the United States government constantly, each week made the pay-roll for the contractors. He was employed about half his time doing that, and the rest of his time did little. Mr. Baum, a clerk in the storekeeper's office, called the roll for the contractors in the morning, and did other duties for them. In the spring of 1861 the United States store was removed from 12 Broad street to 56 Broadway, and some other numbers. The acting storekeeper, Munson Gray, chalked out or measured out a place for the storekeeper's office in the building. A large number of offices were made; the offices for the appraisers were formed. The offices for all the examiners were also formed; but, as I remarked, Major Gray marked out a place, on the floor, for the United States storekeeper's office. He soon found that place was taken possession of by the contractors. It was finished in a gorgeous manner for an office in that locality, at the expense of the government. It has been constantly occupied by the contractors, who are Mather,

Bixby & Stevens. The expense of finishing the office must have been \$400 at least. That office they have since kept, rent free, and the United States store-keeper's office was kept in a shingled, dilapidated room, from spring until October. During my clerkship in that office, in the spring of 1861, Mr. Mather claimed to have sold out a large share of his interest to one Simon Stevens, a man by the name of Wyman, and other parties not remembered by me. He, however, remained during the entire summer, closely attending to the locality, being there frequently, and is there now. Stevens, who also claimed to be one of the contractors, was also constantly there. Both Mather and Stevens claimed to have a controlling influence over the clerks in the office, and to be capable of removing or placing them at pleasure.

Question. Has Mr. Mather said anything to you since Mr. Barney has been collector about finding fault with this contract, and what he could do with Mr. Barney against you?

Answer. Yes, sir. Mr. John C. Mather stated to me in September, 1861, that he had no difficulty in managing Collector Barney; that he could have me removed any day; that he managed Mr. Barney very easily—there was no difficulty in the world about it; to use his words, that he was easily mesmerized; that he had got along passably well with the late collector, Schell, but sometimes Schell would be obstinate and exhibit Dutch resistancy, but that with Barney there was no difficulty in the world, and claimed to have with him Mr. James Humphrey, late law partner of Mr. Barney, the three being bosom friends.

Question. What was the application he made of this?

Answer. To show me how readily he could demolish me.

Question. Did he make some allusion to your opposition to this contract?

Answer. Yes, sir; he said in that matter that I had not spoken well of the contract, and that such remarks would cause my removal.

Question. How long were you a clerk in the public store department?

Answer. Two years.

Question. Were you there before this contract was made?

Answer. About two months after it was made.

Question. Did you know anything about the expenses which these men were subjected to every week in carrying on this contract?

Answer. Some weeks I did and some weeks I did not; my remembrance is that I have seen pay-rolls footing up less than \$500 per week.

Question. Is the amount paid by the government for having this labor done there vastly more than the necessary expenses of having the labor done?

Answer. The work was offered to be done at sixty per cent. after it was given to them, by William M. Tweed, and he offered to give real estate security; he is a responsible man. He was anxious for the contract. Since that time, I learn that half a dozen individuals of responsibility have offered to do the work and take the contract for fifty per cent.

Question. Did Mather give you to understand how he obtained this contract?

Answer. On one occasion he said he obtained this contract from his long personal intimacy and subserviency to Howell Cobb.

Question. In what respect—where had this intimacy taken place, and what relations had they sustained of business or otherwise?

Answer. He was not as explicit in reference to that as he might have been, but he said he had known Mr. Cobb intimately; and he had always sustained his pretensions privately for the presidency.

Question. Did he speak anything about his relations to railroads in Georgia?

Answer. He said he had relations with Cobb in Georgia in reference to business matters, and intimated on one occasion that Mr. Cobb had been his lawyer in connexion with contracts there on railroads, but he was not minute.

Question. He did not give you any detail of their railroad operations in Georgia?

Answer. Not anything of the kind. He said, upon two occasions, that Cobb and he were as intimate as two brothers. Mather stated to me, while he was canvassing the third congressional district, in the autumn of 1860, that he would certainly be elected if patronage and money could elect him. Upon a suggestion of mine that there were prejudices against his patronage and contract, he said he knew there were, but he controlled the channel of obtaining labor in the custom-house and stores; that that was a very great political power. He gave me that fact as a reason why he should be a democratic candidate for the House of Representatives. After he took the field as a candidate nominated by a portion of the unterrified democracy, he did put men on for different purposes in addition to the usual number. These men were very promptly displaced; as soon as he left the ring, they were kicked out very quick.

* * * * *

Question. Did he say through what particular influences—did he say anything to you about Mr. Barney?

Answer. He said, in reference to that point, that he was enabled to do that from his intimacy with the law firm of Butler, Barney & Humphrey, from his entire control of some of the members of that concern.

Question. Did he say, at any time, that this was forced upon him as a matter of necessity by Barney or his friends, so that some one else should be interested?

Answer. Yes, sir; he upon one occasion stated to me that this arrangement—this change—was forced upon him by the necessities of his position, more especially by the collector.

Question. Did he explain why?

Answer. Only that they wished to make some money out of it.

Question. Did he say in this conversation how he was approached in this matter?

Answer. No; he did not go into minute particulars, but he said, upon these occasions, that he had himself put the project through, knowing the necessity of it.

Question. Did he say it was necessary in order to save this contract, to prevent its being broken up by the Secretary of the Treasury?

Answer. Yes, sir. He said it was necessary to take in republican material.

Question. In order to save the contract?

Answer. Yes, sir.

Question. He expressed fear—thought certainly that the contract would be overthrown if he did not do this?

Answer. Yes, sir; he did in every instance—a half a dozen instances—always give that as a reason why he had taken this man into the contract, but claimed the lion's share himself after all.

Question. You just spoke of the collector being connected with the matter?

Answer. Yes, sir, through Mr. Humphrey.

Question. Since this contract has been obtained and other parties taken in, have Mr. Mather and Mr. Bixby both been interested about the storehouse?

Answer. Mr. Mather more so than he was previously.

Question. How about Bixby?

Answer. He was during the summer at the United States store more frequently than he was previously.

Question. Who of the new firm?

Answer. Mr. Stevens.

Question. Mr. Humphrey?

Answer. Mr. Humphrey made occasional calls at the store.

Question. Mr. Wyman?

Answer. He is unknown at the establishment to me and others.

Question. How did you learn that Mr. Wyman was interested in the contract?

Answer. Only from Mather's declaration, and from his name appearing in the pay-book.

Question. As one of the contractors?

Answer. Yes, sir. Stevens, Wyman & Co.—that is the way I have seen the receipts. A relation of this Mr. Wyman was appointed also as leading clerk in the storekeeper's department.

MUNSON GRAY, sworn:

Question. Has Mr. Stevens made requirements upon the government officials to obey orders?

Answer. They have two clerks that they employ that are paid by the government.

Question. Doing this work?

Answer. Yes, sir.

Question. What clerks; what is their position?

Answer. C. W. Baum is one.

Question. What salary?

Answer. \$1,100.

Question. Who is the other clerk?

Answer. John Dempsey. I think he has \$800.

Question. What is their proper duty to the government; what offices do they fill as government officials?

Answer. Baum is receiving clerk, to receive the goods; and Dempsey answers questions from the books, and is general clerk in the office.

Question. That is what the government expect of them?

Answer. Yes, sir.

Question. How do they occupy their time?

Answer. Baum acts as foreman for the contractors.

Question. Doing what?

Answer. Foreman of the laborers of the contractors; he calls the roll and keeps an account of time and labor.

Question. What does Dempsey do?

Answer. He makes out the pay-roll, and attends to paying off the men.

Question. Do these two men do any other work except this, of any amount?

Answer. They do some; they do other work, but the work for the contractors takes off a good deal of the time for the government.

Question. Does it destroy pretty much or nearly the value of their services to the government?

Answer. I think, in the case of Dempsey, it takes about two days in a week of his time; and Baum, more or less, every day. He goes through the store, from one loft to another.

Question. Do you know whether any complaints of this have been made to the collector?

Answer. No, I do not. I mentioned the subject to Mr. Steadwell, who is deputy in charge, and he told me to let them continue on in the same way?

Question. You formerly were chief clerk and then became storekeeper, who appointed you storekeeper?

Answer. Mr. Barney.

Question. When?

Answer. I think about eight months ago.

Question. Have any other men been removed and men appointed, at the suggestion of the contractors, as you have been informed?

Answer. All the clerks in the office have been removed with the exception of his Baum and Dempsey.

Answer. And others appointed in their places?

Answer. Yes, sir.

Question. This is done at the suggestion of the contractors ?

Answer. Yes, sir ; I think so.

Question. Who are the contractors who appear as the ostensible owners of this contract ?

Answer. John C. Mather, Francis Bixby, Simon Stevens, and Mr. Wyman. These are reputed to be the partners ; it is said that there are others.

Question. Is John C. Mather still interested in the store ?

Answer. He is in the office almost every day.

Question. Is Bixby there ?

Answer. Yes, occasionally.

Question. Since the change in the contract has not Mather been there more than before ?

Answer. I think he has.

Question. Bixby about the same ?

Answer. About the same.

Question. How is it with Stevens ?

Answer. He is there too.

Question. Is Mr. Wyman there ?

Answer. I have not seen him.

Question. You do not know of any other parties attending personally to the matter ?

Answer. No, sir.

Question. At any time did the contractors refuse to allow the store to be shut in pursuance of the rules ?

Answer. I recollect one time Mr. Stevens was in his office, and the night watchman reported to me that his office could not be closed ; that he had some strange man there ; and it was kept open until some time after the store was closed, contrary to the rules of the store.

Question. Who furnish the night watchmen ?

Answer. The government.

Question. They are sworn officers ?

Answer. They are.

R. M. BLATCHFORD, sworn.

Question. Do you know anything about the management of this labor contract—the public store contract ?

Answer. No, sir.

Question. Do you know about the influence which these gentlemen, who are contractors, exercise, in the removal and appointment of government officials—clerks ?

Answer. I only know one instance, in which—I believe he was one of the contractors—Mr. Stevens caused the removal of a young person I felt very much interested in, and I went to see the collector on the subject, and whilst I was talking with him about it Mr. Stevens came in, and I told him that this young man had been removed ; that he was a friend of mine. He (Mr. Barney) said he would not have removed him if he had known that I felt an interest in him ; but he did not know it, and did not know very much about the removal. It was done by Mr. Palmer, to whom the matter was committed ; he could not attend to these things at all. He sent for Mr. Palmer, and he told him he had removed him at the suggestion of Mr. Stevens. Mr. Stevens said when he came, there had been some charges against him of not having been regular in his habits—nothing against him at all as a clerk. That was the first I had ever heard of that. And Mr. Stevens said, also, that he heard that he had talked about his public store contract, and that he preferred to have some person there that would not talk

about it. The idea held out was that he was disagreeable because he had spoken about these matters. He had been there eleven or twelve years and knew everything about it, and Mr. Stevens intimated that he had another person put in his place that was more agreeable; the idea was that this man was not agreeable, and not that he had ever neglected his duties.

Question. What did Mr. Barney say about all this matter?

Answer. He did not know anything about it, at least until he sent for Mr. Palmer and Mr. Stevens. And Mr. Palmer said that Mr. Stevens said there was some charge against the young man. He told him afterwards that he wanted to see Mr. Stevens, and when Mr. Stevens came he said he had made no charge against him. The idea was that Mr. Barney could not attend to these things; he could not give his time and attention to it; that he was overwhelmed with business, and was obliged to commit it to others.

Question. This was the only circumstance you knew in connexion with these contractors?

Answer. That is all—that Mr. Stevens was the one that had caused the removal of this young man, and one of the reasons was that he had been against the contract. I applied very hard to have the young man restored, but did not succeed.

GENERAL ORDER STORES.

The other matter of inquiry was the general order stores. There are many bonded warehouses in the city of New York, but the collector selects from them the general order stores. Within one day after the arrival of a vessel in port, the captain obtains a general order to unload his cargo, and all goods on which the duty has not been paid are to be taken to the stores, as designated by the collector, to receive goods under general order. The evidence shows this to be a lucrative business; goods frequently are stored but a short time, and sums are paid nearly double what the owners would have to pay in other bonded warehouses.

In the examination of the 9th of September, when the revenue officers were having the benefit of their defence, Hamilton Bruce, a deputy collector, inquiring about the subject, was asked:

Question. Can there be any favoritism shown?

Answer. No, sir; for, by direction of the collector, the goods go in every instance into the *nearest store* of the district.

Mr. Bruce was evidently trying to serve the collector "too well," for Mr. Barney in his own evidence says:

"The general order stores are designated by the collector out of the bonded warehouses. *The principle which governs me in selecting the general order stores is that the location shall be convenient to the place where the goods which go to the general order stores are landed; that the accommodations in the building shall be sufficient for the district to be served, and that the parties who are proprietors for the stores shall be persons on whose responsibility and integrity I often rely.*"

Whereas the evidence fully shows that there not only was favoritism, but the collector did not make the selection, but gave the general orders to certain parties who had no stores, bonded or otherwise, and suffered them to go among those having general orders, and

compelled them to give a bonus of thirty per cent. for the privilege of retaining it. This was certainly a refinement of extortion or corruption upon the practices of former administrations. Such a thing was never known before, and was reserved for the party who had promised ourselves and the nation that official corruption was to cease, and retrenchment and reform were to be once more inaugurated. Alas! "like Dead sea fruits, they turned to ashes on the lips."

It does not appear that Mr. Barney received any part of this thirty per cent., but it is clear that he was notified of these outrages, committed by the men on whom he had showered this bounty, and he did not condemn or check it.

Some idea may be formed of the value of the general orders business on the North river side, (which one witness says was in the ring with the labor contract.) when it is shown to be worth about \$200,000. And the haste with which goods are sent by general orders after the arrival of the vessel shows very much self-interest or an overweening desire to aid friends. The following evidence will establish the above propositions:

JOHN WILSON, sworn:

Question. What is the general order of storage at the custom-house?

Answer. Under the old law, vessels of a certain tonnage were entitled to a general order, that is, for sailing vessels, five days—working days—after their arrival. Well, that was changed. Before that was changed there was a law put through by Congress by which steamers had the right, if the bill of lading so expressed it, to discharge immediately upon entry, if they chose to do so. Sailing vessels have been cut down to one day after their arrival for discharging; they have the right to go to work the next day, under a general order.

Question. You say they have one day for discharging?

Answer. No; they have the right, after they have arrived here, to commence and turn any man's cargo out who has not paid his duties, who, by some fault in the custom-house or his own, has not paid his duty the first day after arrival.

Question. Who is benefited by that general order?

Answer. Always the vessel and the proprietor of the store where the goods are sent; not the owner of the goods; it is to his detriment.

Question. They get a general order for all goods to go there?

Answer. The papers are on board. Suppose you are an importer; you have got a cargo of goods coming here; the goods come here; the vessel takes her general order immediately; the store is right across the way, fifteen or twenty yards from the vessel; this is a long entry; it has taken some time to get through the custom-house; you cannot get through; there is a great rush; you have to go through all the forms, and you cannot get your permit through; you have got a hundred packages of goods, and because you cannot get your permit through those goods go into the store or on the sidewalk, and very likely do not go into the store at all, yet they will charge you for a hundred packages \$125, and they have never seen the inside of the store.

Question. Formerly, you say, sailing vessels had five days before general orders were given?

Answer. Yes, sir. That was changed two years ago.

Question. To one day?

Answer. Yes, sir; one day after arrival.

Question. How is it with steamers?

Answer. Immediately on entering, if they choose, if the bill of lading so expressed.

Question. The collector has the power of giving the general order and saying what storehouse these goods shall enter?

Answer. Yes, sir.

Question. Are there different districts in the city?

Answer. Yes, sir; there are quite a number of districts.

Question. Who fixed the prices of storage of goods in these warehouses?

Answer. They generally fixed themselves. About three or four years ago a great deal was said, and there was complaint by the merchants of New York about the exorbitant charges on those things coming into this general order of storage, and a table was drawn up stating what the rates of storage should be, and I think on the largest-sized packages the rates should be forty and forty, that is, forty cents labor and forty cents storage, that is, for the first month. Labor is never charged but once; that pays for putting and taking out; forty cents storage is always charged for the first month; those are the rates, I should say. I have got a case now where we are obliged to pay something like a dollar and a half on the package, instead of eighty cents; it is a small matter. The person does not want to go to the Secretary of the Treasury or the collector, and so he lets it go.

Question. By whom was the rate of storage and labor fixed?

Answer. The complaint was drawn up and submitted to the Chamber of Commerce, and they thought that was a fair rate. The warehousemen, as a general thing, do not go by those rates fixed by the Chamber of Commerce.

Question. Have the rates been increased latterly?

Answer. Very much; they have now got up from 40 and 40 to 90 and 125, and now we do not know where they will stop.

Question. Is that generally so now?

Answer. I believe it is. I have paid a great deal of storage.

Question. Is it a matter of general complaint?

Answer. Yes, sir. I speak of my own merchants; we do business for about one hundred and twenty importers.

Question. In different parts of the city?

Answer. All over the city. We do business for Philadelphia and Boston, also.

Question. Different districts in this city?

Answer. Yes, sir.

Question. You were speaking, a little while ago, about the collector proper sharing in this; if he shares in this, it is done, of course, with the proprietors of stores!

Answer. I do not know that it is.

Question. If he does, it is done with them?

Answer. Yes, sir.

Question. You were speaking of Mr. Humphreys.

Answer. I said I always believed that Mr. Schell had some connexion with the former men in the storage business, and Humphreys bought them out.

Question. Who, under Mr. Schell, had control of the general orders of goods?

Answer. Quite a number. I do not know that I can give all of them.

Question. Mention some of them.

Answer. McIntire, Bixby & Co. was the main firm; they had the contract at No. 12 Broad street; and there was Mr. Squiers, 8 and 10 Bridge street, who, I think, was always fair and straightforward; and there was Mr. Livingston, M. S. Briggs & Co., and others.

Question. Bixby, McIntire & Co.; what had they to do with the general orders, and how were they interested in the general order of storage? had they a storehouse in which they stored goods?

Answer. Yes, sir.

Question. Where is their warehouse?

Answer. They had 56 and 78 Greenwich street, and 345 and 371 Washington street, and I think they had (I won't be certain) also 102 and 104 North Moore street.

Question. Did they own these stores?

Answer. Rented them, I believe.

Question. Are they interested now in the general orders?

Answer. I believe they are in part.

Question. Do you know who is interested with them?

Answer. No, sir.

Question. Do you know whether Mr. Humphrey is concerned in any of the stores?

Answer. Only from what was said to me.

Question. What was said to you; by whom, and where?

Answer. What was said to me was by the storekeeper. I asked if McIntire, Bixley & Co. carried on the store, (they were the former proprietors,) and he said they did not; but that Mr. Humphrey had bought them out. I asked if it was James Humphrey, broker, from Brooklyn. I was told it was. I asked if he was ever there, and he said he came in some times and looked about and went out again. I remarked that I supposed he came and got his money and then quit; that was all that was said.

Question. These men first hire the store?

Answer. Yes, sir.

Question. And then the business they do is the receiving, keeping, and storing of the goods sent there under general orders?

Answer. Yes, sir; and the more they swindle the merchants of New York, the more money they make; because they do swindle them.

Question. They do now in this high rate of charges?

Answer. Yes, sir; it is shameful, disgraceful—I believe that.

EDWARD C. JOHNSON, sworn:

Question. Where do you reside?

Answer. I reside in this city.

Question. What is your business?

Answer. I am in the bonded warehouse business.

Question. How long have you been in the bonded warehouse business?

Answer. Nearly ten years.

Question. Where are your stores?

Answer. 6, 8, and 10 Bridge street.

Question. Are you alone?

Answer. Of the firm of Squire & Johnson.

Question. You have been in the bonded warehouse business ten years?

Answer. Yes, sir.

Question. During that time have you stored goods under the general order?

Answer. Part of the time. This general order business was not established until during the last five or six years.

Question. How were goods given under the general order?

Answer. The collector had power to send them to any store he pleased.

Question. And the collector would send them to your store?

Answer. Yes, sir.

Question. It is now five or six years since the system of general orders was introduced?

Answer. Yes, sir.

Question. Still the collector has the power to send where he pleases?

Answer. I think he has.

Question. And can change it at pleasure?

Answer. Yes, sir; this collector has changed it. There is no law of Congress about it.

Question. Is this city divided into districts?

Answer. Yes, sir.

Question. How many districts are there now?

Answer. There were before the present collector came in more than now. The districts on the East river are from Battery to Wall street, from Wall street to Pier 45, and from Pier 45, all above on the East river. The vessels coming within a given district are required to discharge at the store of their district.

Question. Previous to five years ago there was a special order made in every case?

Answer. Yes, sir; except that if a merchant has regular invoices, and all straight, he can put them where he pleases.

Question. But if he cannot get his orders through the custom-house before the time for unloading, they have got to go under general order?

Answer. Yes, sir; merchants sometimes, instead of getting merchants' orders prefer to put their goods in bond, because they do not want to pay duties on them immediately. We took in ten thousand chests of tea yesterday under merchants' orders.

Question. You received those ten thousand chests of tea under merchants' orders. They could not order them to any other place?

Answer. No, sir.

Question. Suppose this ship lands in your district, the collector would not give a permit to take the goods into another district?

Answer. Yes, sir; anywhere the merchant pleases, in a bonded warehouse.

Question. Then the merchants can put their goods where they choose?

Answer. They can, if they have an invoice and everything is regular.

Question. Then it is only those who do not get their invoices through in the required time that have to go to the general store?

Answer. Yes, sir.

Question. But those who get them through in time may put them where they please?

Answer. Yes, sir.

Question. But they must put them in a bonded warehouse?

Answer. Yes, sir, if the duties are not paid.

Question. Do you give security to anybody for the safe keeping of those goods?

Answer. Yes, sir; we give bonds to the United States government that we will keep those goods until the duties are paid; and if they are stolen or lost, that we will pay for them and pay the duties.

Question. You occupy a sort of official relation to the government?

Answer. Certainly.

Question. That is the reason they cannot go into a private storehouse?

Answer. Yes, sir.

Question. You become responsible to the government for the duties?

Answer. Yes, sir.

Question. And to the owners of the goods?

Answer. Yes, sir.

Question. Have these districts been changed or increased since Mr. Barney came in?

Answer. No, sir; I think that they have been diminished. I think there may be nominally just as many districts, only Bowen has a commission on the two upper ones on the East river. Merle & Co. have one of the general order stores and we have one.

Question. It appears already from the evidence that the collector has power to dispose of the general order store. Now, are the rates which you charge on the general orders fixed?

Answer. The prices are fixed by the Chamber of Commerce. We do not charge any more than the Chamber of Commerce prices; but some of them do. We are governed by the Chamber of Commerce prices. These are double the prices the merchant pays when he puts his goods in outside stores, as business is now-a-days.

Question. Are there men that have bonded storehouses that do not have general orders?

Answer. Oh, yes, sir. There are but few general order houses.

Question. Any man who chooses can have a bonded warehouse by giving security?

Answer. Yes, sir.

Question. Then the merchants go where they can get cheapest?

Answer. Yes, sir. Or where they think there are the safest and most responsible men.

Question. When Mr. Barney came in as collector, was anything said to you about the continuance of your store as a general order store?

Answer. No, sir. I made application to Mr. Barney to have it continued.

Question. What conversation did you have with Mr. Barney about that?

Answer. He was so busy I did not talk much with him. He did not understand it, and could not tell me.

Question. Did you see him more than once?

Answer. I saw him but once, though I went half a dozen times.

Question. Did you pursue your application further?

Answer. I wrote to him a letter, and he never answered me.

Question. You wrote your letter desiring to continue?

Answer. I found there had been some goods sent to other stores not general order stores, the owner of which was a democrat, and fought us all the way through. I wrote him a saucy letter, and that was the only way I could get an answer, and he answered. Then I wrote an apology afterwards. He as much as said I should retain it. He did not say so. You could not make it one way or the other; but the inference was that I should retain it; and I then wrote him a mild letter in reply to that.

Question. What then happened?

Answer. I did not hear much more about it. I kept pushing at it among my friends. I went to Mr. Opdyke about it, and he said I should certainly retain it; there should be no mistake about it. The next thing I heard was, that a man by the name of Lambert called upon me and said he was looking around for a store, that he had the general order business for that district.

Question. Did you ask why, and how?

Answer. I asked him why. I told him I was a republican and had done more for the party than Mr. Barney had, and as much as Mr. Opdyke had, or any of the rest of them, and I thought I was entitled to it.

Question. Did you inquire how he got it?

Answer. I understood he got it from Mr. Barney, and I tried to find out, and I wrote Mr. Barney a letter.

Question. He spoke first about commissions?

Answer. He spoke about commissions. He had this conversation with my partner.

Question. What did he say about it?

Answer. He wanted 33½ per cent. of the whole business.

Question. What do you mean by the whole business?

Answer. The general order business, everything that was coming in; we

were to pay all the expenses, and our expenses were to come out of the other two-thirds. He was to have one-third of the gross amount. We did not give him that. He said there was a Mr. Hill up there would pay him that.

Question. Is Mr. Hill in that district?

Answer. Yes, sir. He is a democrat. We finally agreed to give him (Lambert) 30 per cent. of the profits.

Question. How often do you pay him?

Answer. Once a month.

Question. Have you made him a monthly payment?

Answer. Yes, sir, half a dozen.

Question. Have you heard whether other general order stores are paying commissions?

Answer. I heard that Mr. Merle was.

Question. Do you know of any others?

Answer. I think there are no others on the East river side. On the North river side I think, though I do not swear, that they are in company with them and do not pay commissions.

Question. Who has it?

Answer. I guess John C. Mather is one. I do not remember their names; they are in the ring. Humphrey is one. I suspect that that contract and the general order business on the North river are in the ring. I do not know about it, but I think so.

Question. Have you made any estimates of the profits?

Answer. On the North river. I estimate that in good times there is, on an average, three steamships from Europe a week arriving on the North river; every one of those steamships go into general order; that is, when I say every one, I mean generally; if there are any that do not, they are an exception, and I judge that they are worth a thousand dollars apiece.

Question. How do you mean they are worth that, gross or net?

Answer. I think gross after the labor is expended. That would be \$156,000 a year, and then there is any quantity of other ships arriving the whole time which would pay the expenses. I should say there was a profit of \$156,000 a year of the general order business on the North river, and then other business is always connected with that business. Any one of those stores that has the general order business on that whole river would make a hundred thousand dollars a year.

Question. When you were asked to pay this thirty per cent., did you write to Mr. Barney about it?

Answer. I did.

Question. What did you state?

Answer. I told him that a man had come and said he had authority from him (Mr. Barney) to exact that thirty per cent.

Question. Did Mr. Lambert say he had the authority from Mr. Barney to exact the thirty per cent.?

Answer. Yes, sir. I wrote to Mr. Barney asking him if Mr. Lambert had such authority. I did not like to pay it unless I knew the man had authority. I never had any answer.

Question. How long ago did you write?

Answer. That was along last summer some time.

Question. You never got any answer; and Mr. Lambert continued to come for his monthly percentage?

Answer. Yes, sir. He said that Mr. Bowen had the whole of that East river, but that he had given that district to him, or something of that kind.

Question. Did Mr. Bowen have a storehouse?

Answer. No, sir.

Question. Did Mr. Lambert have a storehouse?

Answer. No, sir. I presume Mr. Lambert could not hire a store.

Question. Did you ever before hear of general orders being given to persons who had no storehouse?

Answer. No, sir. It is done, I suppose, to give those persons a chance. I went to see Mr. Opdyke and told him the general order business was worth a good deal of money to anybody that could get it. I did not ask any promise of him, but he did promise me that there should not be anything done about it until I was consulted.

Question. You told him how much those general orders were worth on the Hudson river?

Answer. Yes, sir; after they had got control of the general orders, and I told him that it had been taken away from me in that shape, he said it was outrageous.

Question. Does this other firm, Humphrey & Co., have all the business on the North river?

Answer. All the general order business, and, I think, that that labor contract also.

CHARLES SQUIRE, jr., sworn :

Question. I will ask you, first, when Barny took his place as collector, did you do anything to secure the storage of goods under general orders?

Answer. I did not.

Question. What was the first intimation you had of any change of storage of those goods?

Answer. The first I knew, a gentleman came into the store and told me the district had been given to him.

Question. What was his name?

Answer. F. Lambert.

Question. Just tell us what conversation you had, and what was done.

Answer. He said he was willing to make an arrangement with me whereby I could keep it, by paying him a certain percentage on the amount received.

Question. How much percentage did he claim first?

Answer. $33\frac{1}{3}$ per cent. upon the amount received.

Question. What was said to that?

Answer. I told him I would think about it, and give him my answer within a few days; when he came again I told him that it did not amount to very much, but, as business was dull, (we were doing very little,) rather than lose it I was willing to give him thirty per cent. on the storage. I said that, of course, I wished the arrangement to be sanctioned by Mr. Barny. He said that it should be, but it never has been, and I do not think Mr. Barny knew anything about it, or knew the man; I do not believe he ever spoke to him. I have since ascertained it.

Question. He came there and represented that he was doing it with the authority and approbation of Mr. Barny?

Answer. He represented it so to me.

Question. When was it that he came?

Answer. About the 1st of September.

Question. Have you paid him the thirty per cent. since?

Answer. I have, on all goods delivered.

Question. Did you ever communicate with or see Mr. Barny in this matter?

Answer. I never have.

Question. Did you ever write to Mr. Barny?

Answer. I did not. I believe my partner did.

Question. Never got any answer that you know of about that matter?

Answer. I never got any answer; the letter was a personal letter from Mr. Johnson. I did not want to have anything to do with it, and I do not know

much about that. He wrote this letter from his own place of business to Mr. Barny, and I do not know anything about it.

Question. You never had any conversation or correspondence with Mr. Barny about this matter?

Answer. Never.

Question. The agreement you and Lambert made you put in writing?

Answer. Yes, sir; and requested him to have Mr. Barny approve it; and he put it in writing and took it to Mr. Barny to get his sanction to it, and he came back without it, making some excuse for it. He afterwards said he had been introduced to Mr. Barny, and that was some time after the affair; so I think he did not know Mr. Barny at all at the time.

Question. You do not know anything about Bowen & Lambert having this contract for the general order storage?

Answer. I was told he had the principal part of the East river; my general order storage is not worth anything of any account; and that, I suppose, is the reason why I have not been disturbed.

Question. Who has the general order storage on the North river?

Answer. I have understood Mr. Humphrey; young Marshall is connected with him. I do not think Bowen has anything to do with that side. That is a perfect placer; there is a great deal of money in the general order storage on that side for the four years.

Question. You mean to say that they can hire warehouses and store the goods, and pay the expense of storage and their rents, and have a fortune besides?

Answer. The expense of storage is labor, and that they get back with every package, and more too, because they charge labor on every package; they hire the stores and pay the rent, and that is expense that must come out of storage. Then every steamer that comes in sends in nearly her whole cargo. On every package they charge eighty cents. If the thing goes into the store it pays eighty cents for cartage, storage, and labor; that is, thirty cents storage, thirty cents labor, and twenty cents cartage; and they get thirty cents for the labor if it comes right in and goes right out. Then they get twenty cents for the cartage, although the carmen bring three or four on a load, and it is thirty-eight cents a load; then the storage is thirty cents. In every bonded warehouse there must be a custom-house officer, which the bonded warehouseman pays.

Question. Then they realize money in that way, no matter what they pay for cartage; they charge so much on every package.

Answer. Yes, sir.

Question. Do they charge more on large packages?

Answer. If it made a single load I presume they would.

Question. Were you ever required before to pay a percentage on general order goods?

Answer. Not until this time.

FRANK SQUIRES, sworn:

Question. With whom did you make the arrangements to take the goods under general orders?

Answer. Mr. Edward C. Bowen and Lambert.

* * * * *

Question. Did you ever call upon Mr. Barney in relation to the matter?

Answer. No, sir.

Question. Did you ever request anybody to call?

Answer. I think I had Mr. Merle, sen., call upon him.

Question. He called upon Mr. Barney?

Answer. I think so.

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Question. After you rented the stores, did they propose to rent the stores from you?

Answer. No, sir; they proposed to form a copartnership with us in the general order business.

Question. Did you enter into a copartnership with them?

Answer. As far as the general orders were concerned.

Question. Then you understood they had control of the general orders in that district?

Answer. Yes, sir.

Question. What was their first proposition with your firm?

Answer. Simply that they should enter into copartnership with us on condition that we should give them a certain percentage of the business. What the preliminaries were I cannot tell.

Question. What was the result?

Answer. The result was, we entered into a nominal copartnership—that is to say, so far as the general orders are concerned; it is independent entirely of our warehouse business.

Question. You pay a percentage for the general order business?

Answer. We give them a share of the general order business, whatever it happens to be.

Question. There is no real partnership?

Answer. Nothing further than that.

Question. What percentage do you pay?

Answer. Thirty per cent.

Question. These gentlemen invested nothing?

Answer. No, sir.

Question. Did not run any risk?

Answer. No, sir.

Question. Do they give you anything, as a return for this thirty per cent. which they have, except bringing you the business?

Answer. That is the return we get.

CONCLUSION.

Your committee has thus completed its labors, having taken much evidence on various subjects, and reported at different times to this House. Many frauds have been exposed, the government relieved from many unconscionable contracts, and millions of dollars saved to the treasury. Yet it is a matter of regret that punishment has not been meted out to the basest class of transgressors. They to whom this duty belonged seemed sadly to have neglected it. Worse than traitors in arms are the men, pretending loyalty to the flag, who feast and fatten on the misfortunes of the nation, while patriot blood is crimsoning the plains of the south, and bodies of their countrymen are mouldering in the dust.

“May life’s unblest cup for such
Be drugged with treacheries to the brim.”

The leniency of the government towards these men is a marvel which the present cannot appreciate and history never explain.

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